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FISCAL YEAR 1988 BUDGET

HEARING

BEFORE THE

SELECT COMMITTEE ON INDIAN AFFAIRS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

THE FISCAL YEAR 1988 BUDGET

FEBRUARY 19, 1987
WASHINGTON, DC

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FISCAL YEAR 1988 BUDGET FOR INDIAN PROGRAMS

THURSDAY, FEBRUARY 19, 1987

U.S. SENATE
SELECT COMMITTEE ON INDIAN AFFAIRS
Washington, DC.

The committee met, pursuant to notice, at 9:10 a.m., in room G-50, Dirksen Senate Office Building, Hon. Senator Daniel J. Evans, (vice chairman of the committee) presiding.

Present: Senators Inouye, Evans, Melcher, Daschle, and Murkowski.

Senator EVANS. This hearing will come to order. The chairman will be here shortly. He has another leadership breakfast this morning, and things ran over a little bit.

We do wait for the chairman and his opening statement, but in the meantime I understand that Senator Murkowski must leave shortly for another meeting, and I understand he has an opening statement, so let's start with that.

Senator Murkowski.

STATEMENT OF HON. FRANK H. MURKOWSKI, U.S. SENATOR FROM ALASKA

Senator MURKOWSKI. Thank you, Senator Evans. I appreciate your accommodation. I do have meetings in the Energy Committee, the Veterans' Committee, and the Foreign Relations Committee, so let me begin.

I am very interested in the testimony that will be presented to us today with regard to the President's budget request for fiscal year 1988 as it affects American Indian, Alaska Native, and native Hawaiian programs.

In examining both the Indian Health Care Service and the Bureau of Indian Affairs budgets it is clear that someone downtown lacks the sensitivity to many of the needs of the American Indian, Alaska Native and native Hawaiian people.

Each year this committee is presented a budget that is woefully inadequate for programs that provide for the basic health, educational, and social needs of American Indians and Alaska Natives. Let me share with you a few examples: The funding recommendation for the fiscal year 1988 budget for the treatment and prevention of substance abuse is simply unacceptable to this Senator. We have had hearings in my State of Alaska that clearly identify alcohol and drug abuse as the most significant factors contributing to violent crimes, accidental deaths, suicides, and domestic violence.

Let me quote briefly from testimony received at one of these hearings:

> Alcohol and drug abuse have become a vicious circle in this State that destroy Native families and communities. Substance abuse stands out clearly as the most threatening thing to our health, to our lives, to our culture.

In its own budget justification the Indian Health Service states:

> Alcohol and substance abuse is the most severe health and social problem facing the American Indian and Alaska Native people today.

Yet, I think you would agree that the fiscal year 1988 budget proposes not only to reduce alcohol and treatment funding, but it includes no specific funding for the programs mandated by the Omnibus Anti-Drug Abuse Act of 1986. That law was passed by an overwhelming majority of both Houses in the last Congress, and I intend to observe very carefully the testimony from witnesses about why this decision, is particular, was made.

Both the hospital, and clinics, and contract care programs which provide direct health care to Indian people, have been reduced in the fiscal year 1988 budget request, and Alaska contract care funds are to be used when patients require specialized care, such as open heart or neurological surgery, which cannot be provided at the Anchorage native medical facility. These funds are also used to purchase health care in areas where there are no Indian Health Service facilities. A reduction in this program could result in an Alaska Native going without lifesaving care. Is this what we want? I don't think so.

Because of budget restrictions in recent years, health services in the Calista region of Alaska out in the westward have deteriorated and been reduced dramatically. The region now has only two or three doctors providing health care for an area the size of the State of Washington, my colleague Senator Evans' State.

Also, we have been presented with requests for recissions or reprogramming of funds appropriated for facilities construction, both the funding and for the replacement of the Anchorage Native Medical Center, and the planning and design money for the Kotzebue Hospital in Kotzebue, are affected by these requests. The Kotzebue Hospital serves a population of approximately 5,500 people, yet it covers 36,000 square miles. It is a 31-bed general medical surgical facility, it was constructed in 1961. Not only is it not large enough for the population it serves, it has deteriorated substantially in the rather harsh arctic environment.

I have joined with other members of the committee in opposition to these recission requests, and will ensure that these projects continue to go forward.

Mr. Chairman, you're just not used to that new seat. [Laughter.]

Mr. Chairman, I know you share my frustration over the budget proposals this committee is asked to review. Perhaps it would be worthwhile to invite some of the individuals at the Office of Management and Budget to visit an Indian reservation or rural Alaska village so that they can learn firsthand about the condition and the realities of life for our people. Maybe that is why next year we will have, hopefully, a more realistic budget proposal.

Turning to the Bureau of Indian Affairs Budget I am not questioning the equity of general assistance vis-a-vis the Aid to Families with Dependent Children Program. I am concerned about Alaska's eligibility for housing improvement program, adult education, employment assistant that Alaskan Natives are eligible and, I feel, entitled, to. It seems to me that in this budget the availability is directly based on eligibility for general assistance. Those States that don't have general assistance would not have the base to receive housing, and as a consequence of that I would hope that you would make certain exceptions so that those programs would still be available.

One further thing, Mr. Chairman, is that a relative reference to the size of the villages that would receive various types of assistance—I think it runs from a population of 150 to 1,500. My question is: What do we do with many villages that are under 150? Do they lose qualifications?

Then, Mr. Chairman, let me thank you for the opportunity of proceeding to accommodate my schedule. I appreciate it, and I will have questions for the witnesses that I will be submitting in writing.

The CHAIRMAN. Without objections those questions will be submitted to the proper witnesses.

[Questions to be supplied appears in the appendix.]

The CHAIRMAN. First of all I would like to ask all of you to forgive me for this delay. My apologies. This morning happens to be the morning when the leadership of the House and Senate get together for their biweekly meeting.

I am pleased to convene this hearing of the Senate Select Committee on Indian Affairs, to receive testimony on the fiscal year 1988 budget for the BIA, the IHS, and other Federal agencies providing Indian services.

This, as you know, is the first public hearing of the select committee for the 100th session of Congress, and I believe it is particularly appropriate that we begin this session by conducting an oversight hearing on the budget of those Federal agencies charged with meeting the responsibilities of the U.S. Government, for its Indian tribes and people.

The programs administered by the Bureau of Indian Affairs, and the Indian Health Service, as well as those of other Federal agencies of specific Indian program responsibilities are of an extremely broad scope. In addition to the social service areas of health, education, welfare, and housing, those Federal agencies are charged in one way or another with the protection and management of trust resources of Indian people and Indian tribes.

Both the Human Services and Federal Trust Management Services considered in the Federal budget must be properly analyzed in the context of the government-to-government relationship which the United States maintains with Indian tribes and Alaska Native villages.

Of course, this relationship also means that Federal officials should consult and coordinate with the Indian tribes prior to initiating substantive changes that will have major impacts.

The agenda for this hearing has been organized to provide an opportunity for the committee to hear from witnesses representing Indian constituencies followed by the testimonies of Federal officials.

The committee has arranged the hearing this way in order to establish a frame of reference for the committee consisting of an Indian perspective of these major budget proposals and policy initiatives. We also believe that it is important for Federal officials to hear firsthand what the Indians think about their budget proposals, and to give them an opportunity to respond when they come before the committee.

When I agreed to chair this committee, I did so because I was convinced that the Federal Government has not been meeting its responsibilities to the Indian people as reflected in treaty commitments. I must also question whether we have been providing a level of assistance that is comparable to what the Government provides to all of its other citizens.

I recently visited five Indian reservations in the Northwest on a factfinding mission to see for myself what conditions are like in Indian country. I intend to visit the Southwest and the Plains States in the near future so that this committee might better fulfill its responsibilities.

On my trip I heard the many concerns of the Indian people regarding the various budget and policy proposals of the administration. As a result, I am looking forward to this hearing as an opportunity to examine the entire range of Government services and policies.

The first witnesses for this morning's hearings, will be Ms. Suzan Harjo, the executive director of the National Congress of American Indians; Mr. Roger Bordeaux, executive director of the Association of Tribal Contract Schools and the National Indian School Board Association; Mr. Michael Clements, president Intertribal Timber Council; and, Miss Julie Kitka, representing the Alaska Federation of Natives.

If these witnesses are available, will you please step forward.

Senator **MURKOWSKI**. Mr. Chairman?

The **CHAIRMAN**. Yes.

Senator **MURKOWSKI**. If I may just take the opportunity to also recognize from Alaska Mr. Caleb Pungowiyi from Kawerak, Inc., I would like to do that, and thank you for the opportunity.

Senator **INOUYE**. I would like to join my colleague from Alaska in welcoming you, sir.

Our first witness will be Ms. Suzan Harjo.

STATEMENT OF MS. SUZAN HARJO, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS

Ms. **HARJO**. Thank you, Mr. Chairman.

My apologies to the committee. Our staff has been working all night attempting to wrest from our machinery, which is sort of an electrical version of monks with styluses, our testimony, and it will be arriving shortly. I would ask that the full statement be included in your record.

The **CHAIRMAN**. Without objection, it is so ordered.

Ms. **HARJO**. Thank you.

The two areas we focus on, primarily, although we touch on most of the Federal Indian programs across Government in our written statement, are the Bureau of Indian Affairs budget, and the Indian Health Service budget.

In the Bureau of Indian Affairs budget, it is very clear that the initiatives that are put before you, and which we object to, stem from the Assistant Secretary for Indian Affairs, himself, to OMB. In the Indian Health budget, it is clear that the initiatives come from OMB through the Department and to the Indian Health Service.

The difference here, although the result is the same, gives you an indication of why our membership, in September 1986, opposed the initiatives—which we heard were underway, which we suspected were underway, and some of which we knew about—of the Assistant Secretary and called for his removal and resignation from his position. Several of the reasons cited for that action show up as the most onerous parts of the Interior-BIA budget.

The first item that is cited is the general failure to keep Indian and Native governments informed regarding important matters, including dismantling the BIA's public information office and replacing it with a system of personal press flacks. Two, the failure to provide Indian and Native peoples with meaningful access to the Assistant Secretary's office. Three, the decision, absent any consultation, to limit proposals to handle the investment of $1.7 billion in Indian and Native trust funds to six select banks, and the failure to engage in meaningful dialog regarding this property right prior to or since announcing this decision.

This was written in September 1986. Since that time, of course, the field was narrowed to one bank, the Mellon Bank, and one of the initiatives of the Bureau of Indian Affairs and this particular Assistant Secretary, is to transfer these trust funds to the private sector.

In the first instance, we question what there is to transfer. We submit that there is no financial management records system of the Bureau of Indian Affairs, and there has never been one. We think that the general ledger of the Bureau of Indian Affairs has not been balanced since the Bureau of Indian Affairs existed in the War Department in the early 1800's. We would be quite surprised to find that the Bureau of Indian Affairs could provide a single tribe with a full accounting of its money. And, there has been an arrogance involved in this matter about the private property right that this money represents. If Indian trust funds are not Indian property, I can't imagine what might be a private property right, then, that the Bureau of Indian Affairs deals with.

We understand that the Solicitors of the Interior and the Treasury Departments right now are looking at the contract and proposed agreements with the Mellon Bank to determine whether or not the request for proposals was flawed, and, given that the scope of the work is going to exceed the scope of the request for proposals, how this contract can go forward.

Those tribes which have asked the Interior Department for an accounting and threatened suit in this matter have been told, "your moneys are not included in the $400 million of the $1.7 billion that we intend to transfer immediately." I suspect that if each tribe made the same request and threatened suit that they would also be told that their funds were not contemplated for immediate transfer. We ask this committee to refocus this debate—to stop this transfer.

The Assistant Secretary for Indian Affairs is banking on your letting this go through, on it becoming a fait accompli, and then we would have to work with the system, such as it is; and, as I have said, there is no system at all to transfer. We ask that you stop this and ask that the BIA—and, indeed, demand that the BIA—develop a financial management system. There is not one there. It can't just be improved. It has to be developed.

We are also opposed to the——

The CHAIRMAN. May I interrupt here as we go along, since you will be covering many subjects?

The amount involved, to the best of my recollection, is $1.7 billion?

Ms. HARJO. Yes.

The CHAIRMAN. You are telling this committee that throughout all of these years that no tribe or nation has ever received any accounting that would meet the requirements of any certified public accountant from the agency to any of you?

Ms. HARJO. That is my view; yes.

On the Wind River Reservation, the Shoshone Tribe, several years ago, asked for such an accounting, and were told that there was a missing $1 million. They asked for the details of that, and the details came to them in this form: At the top of a ledger sheet, in pencil, it said, "Minus $1 million."

I think that we will see no more detail than that in most instances. There may be a starting place, and you may have something current based on an arbitrary starting place. But, I think something that would meet the requirements of a CPA you would not find. And, I don't think that this is the reason for transferring. I think this is the reason for keeping things where they are and improving that system and building a system, so that the tribes know what is being handled.

If the BIA, which is probably in breach of trust right now for not having such a system, were to transfer something to the private sector and then be sued because they didn't know what they transferred, I don't know how they could defend themselves against such a suit.

The CHAIRMAN. Has your organization submitted a request for information and accounting?

Ms. HARJO. No; we have now. We have been working with tribes to develop those requests.

The CHAIRMAN. To the best of your knowledge, how many tribes have submitted requests for information?

Ms. HARJO. To my knowledge, about 10.

The CHAIRMAN. Have any of the 10 received any response?

Ms. HARJO. One tribe, I know, has received a response, and that was a response they are not satisfied with—the Warm Springs Tribe of Oregon. I understand that they have asked for additional information, including some basic information that none of us can seem to get, like copies of drafts of the memorandum of understanding, various solicitors' opinions about what is or is not contractable. We have not even seen the basic information. The Assistant Secretary, in October 1986, claimed to myself and one of our area vice presidents, that there had been consultation, indeed with our organization, on this matter. There has been no consultation in Indian country on this matter, although there have been some whistle stops with the administration's views being put forward. But, as far as any information coming back, that has not been happening.

The CHAIRMAN. None of you have been consulted as to where this money should be invested?

Ms. HARJO. That's right. Certainly the tribes have not been consulted, and the individuals have not been consulted. And, the tribes should stand in parens patriae as the people responsible—the entities responsible—for the moneys of their own citizenry, as well as the BIA having that responsibility. The individuals, I think, have gotten a letter saying this transfer is in the wind.

Most of the consultation, and most of the information has been provided through public sources.

The CHAIRMAN. So you have no idea what the so-called profit and loss sheet looks like?

Ms. HARJO. None.

The CHAIRMAN. I can't believe what I am hearing, but we will find out from the agency. Please proceed.

Senator EVANS. Mr. Chairman, I wonder if I could pursue that a bit. Do I understand correctly that the money has been invested through the auspices of the BIA itself, and then the appropriate Government agencies that are involved in such investment?

Ms. HARJO. Yes; that's right.

Senator EVANS. What kind of consultation has there been, traditionally, or over the years, with Indian tribes investment of that money?

Ms. HARJO. Very little consultation, although consultation has occurred over the normal course of events.

Senator EVANS. I am not quite sure I understand. Is there or isn't there consultation?

Ms. HARJO. There has been some consultation as to the types of investments to be made, but the Bureau of Indian Affairs has been on a schedule where it has not had much latitude in investments. We think that this investment itself is not a contractable area, and that that is a trust responsibility area that should be undertaken with the tribes by the Bureau of Indian Affairs.

Senator EVANS. Would the range of potential investments be broadened under this contract with the Mellon Bank?

Ms. HARJO. What a good question. I do not know.

Senator EVANS. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much. Please proceed.

Ms. HARJO. We are sorry to appear here in such negative posture, and I know the rule is if you can't say anything nice, don't say anything at all, but our only alternative is to submit——

The CHAIRMAN. That's not the rule up here now.

Ms. HARJO. About 100 pages of testimony later in the day or be silent. I will try to hit on some of the most objectionable items.

We are opposed to the Assistant Secretary's initiative to transfer the Bureau of Indian Affairs schools to the private sector. What we see is a theme throughout the Bureau of Indian Affairs and the

IHS budgets is the privatization of what the Federal agencies should be doing, and the privatization of trust duties.

The education of Indian children, of course, is a trust responsibility. One that the Bureau of Indian Affairs has tried to get out of for many, many years. This particular Bureau of Indian Affairs administration seems bent on getting out of the business of educating Indians, and putting other kinds of activities, from trust funds to natural resources, in the hands of the private sector.

Mr. Bordeaux will touch more specifically on the school transfers initiative, so I will leave that area to him and will simply state that we are very much opposed to that initiative.

One of our attachments is an editorial from the Albuquerque Tribune that I think lays out the reasons for our opposition and why the States should be opposed more precisely than any other one document I have ever read. It is entitled "Raspberries for Ross." I will just read the opening and closing.

> Ross Swimmer, head of the Bureau of Indian Affairs, was out west this week trying to sell off a wagonload of snake oil. From the looks of it, most New Mexico Indians aren't buying, neither should anyone else.

It concludes that—

> Finally, Swimmer has been going around telling everyone what a bad job the BIA has been doing, and how much better a job the tribes, or presumably anyone else, could do. If Swimmer, with all his power, all his employees, and all the BIA's money, can't accomplish anything worthwhile, he should resign and let someone else more capable step in. That would be more responsible than just giving up.

We see this trend toward privatization in the forestry area, as well.

The CHAIRMAN. Before you proceed, can you just briefly tell us why you think this transfer is bad?

Ms. HARJO. The most important reason is because it will not be good for the Indian children. We think it will be very negative because it will be putting down Indian children's parents and community education leaders, who have gained some measure of control through the BIA education reform acts that Congress mandated in the late 1970's and who stand as role models right now through parent advisory committees, and do control, in large part, what the Bureau's schools do. And this, just as they are gaining that kind of control and becoming the kind of role models that Indian children can be proud of as available, realistic role models, and providing a positively culturally reinforced environment and experience for those Indian children. Now, there is the proposal to put those Indian children into a State system, where they will not have these Indian role models from their own community, where they will be subject to the same kind of bordertown racism that their parents are subject to in most of these areas, and where they will have their self-esteem, that has been built up over these years, broken down.

The experts tell us, and we know from personal experience in virtually all of our families, that it is this low self-esteem that is the main contributing factor to the high rate of Indian teenage suicide; and, unfortunately we do have the highest rate of teenage suicide of any population in the United States.

We think that this has not even been considered by the Bureau of Indian Affairs as a factor. We don't think this has been factored into the thinking, just as we don't think that the Bureau of Indian Affairs, in looking at test scores, has ever stepped back and examined or worked with Indian educators and Indian tribes to examine whether or not the tests that are designed primarily for white America fit Indian America. We think maybe they don't, and maybe they are not the kinds of tests that we should be relying on.

Mr. Bordeaux, I am certain, will have many other reasons why this transfer should not take place. I would mention these two as overriding and undergirding issues, and perhaps the only issues that we should really look at. Because, if we are not sure that this will not have negative and disastrous effects on these Indian children, then we should not do it.

The CHAIRMAN. Please proceed.

Ms. HARJO. In the area of forestry, where we also see this move toward privatization, we see the budget being cut, and we see efforts not apparent in the budget itself, but known to us since the budget was released, to put on the block the Indian Forestry Management Program as we have seen the schools being put on the block and the Indian trust funds being put on the block.

We know that the Assistant Secretary has directed that the Bureau of Indian Affairs issue a request for proposals for private management of the Indian Forestry Program. We understand by memorandum of February 11, I believe, from the Deputy Assistant Secretary for Indian Affairs, Frank Anthony Ryan, that there has been a request to the Solicitor for an opinion about what is, in fact, contractable, in the Forestry Management Program. We hope that the committee will develop its own legal opinion about what is contractable and will have dialog with Indian country and with the Solicitor's office and the Bureau of Indian Affairs about this matter.

We can see that, just as there is an effort to turn over Indian trust moneys to private banking, that there could easily be an effort to turn over the Indian Forestry Program to some tree-growing company that has not always had the best interest of the Indian tribes at heart.

We are concerned about the situation that is brought to light by the initiative called workfare, where any able-bodied Indian person will be put to work in order to receive general assistance. The think that the workfare initiative does not take into consideration is that there are no jobs for the Indian people to work in. If there were jobs, certainly more people would be working.

We think that this initiative calls up a whole set of problems involved in the general assistance and social services area, and we also see that the BIA has ignored the wishes and recommendations of its own task force in the social services area, which did not recommend a workfare initiative.

We see the continued undercutting of the Child Welfare Act grants, and the social services programs, which should have been exempted from the Gramm-Rudman Deficit Reduction Act, like similar programs across the Government—Aid to Families With Dependent Children, and so forth. We think that there was an oversight here and that they should have been exempted, and we ask the committee to ask the Budget Committee and the Congress, as a whole, to have these Indian social services programs held harmless in the future budgets. We do believe that this was a mistake that they were not included last year, and that this mistake should be rectified immediately.

Senator EVANS. I wonder if I could interrupt there. In terms of so-called workfare, or the opportunity to put people to work, which I am sure is a goal that anyone—wherever they live in the United States—would like to do given the opportunity. You say there are no jobs available.

What can we do about that more fundamental problem in that there appears to be, generally, a lack of jobs available on, or close to, reservation territory? What kind of programs would you suggest the United States involve itself in that might handle that fundamental difficulty?

Ms. HARJO. The Bureau of Indian Affairs should work diligently with tribes to create opportunities for the increase of Indian employment opportunities on and near reservations, and in Indian country generally. One way to do that is to remove the bureaucratic barriers and the delays that stand in the way. And sometimes foreclose options for joint ventures between tribes and the private sector. This is supposed to be an interest of this particular administration, but we do not see it playing itself out as a practical matter.

We think that there are other kinds of things that the Federal Government can be doing to increase job opportunities. One thing was recommended in the report of the President's Commission on Reservation Economies, which is to institute a "buy Indian" contracting policy across Government. This exists in the Department of Defense, for example, as a discretionary matter, with the Secretary.

Senator EVANS. As a new member of the Indian Affairs Committee, I am trying to learn as I go. Is there anything, currently, that would stand in the way of a business enterprise coming to a tribal leadership and saying we want to establish a manufacturing plant, an enterprise of some sort, on a reservation, aimed primarily at employment—maybe even an enterprise that would be a shared enterprise, or alternatively, an enterprise owned by or majority ownership by the tribe itself? What prevents that sort of thing from happening now, if there were to be some interest from outside or inside to starting a business enterprise?

Ms. HARJO. There is nothing that I know of that prevents that from happening now. Oftentimes, the tribes are called on to enter into loans through the Indian Financing Act, those have has to go through a lot of bureaucratic redtape. Oftentimes the businesses lose interest and lose the incentive just because it takes a longer time than they have.

We are also concerned about the application of Indian preference in the Bureau of Indian Affairs. While the BIA is calling on all Federal agencies to institute "buy Indian," we see the waiver of Indian preference in contracting that the Bureau is entering into, and we think this is a problem. We also see Indian preference not being applied at the higher levels in the Bureau of Indian Affairs, itself. The BIA, the IHS, and tribal offices, are the greatest employers of Indian people, with the BIA being the single greatest employer. If preference does not begin there, I don't know where it should begin.

I applaud the House Interior Committee and Senator Melcher of this committee, for calling for a GAO audit of this matter in the Interior Department—the application of Indian preference.

We are also concerned that, once again, the administration has come up with a litigation support and attorney fees budget that is diminished, with an Indian water rights budget that is diminished, and that the Interior Department has seen fit to limit its focus on the settlement of Indian water rights, where those tribes desire settlement, by demoting the focus from the Under Secretary's Office to the Assistant Secretary's Office for Indian Affairs. It simply makes for less clout for that staff, and less ability to cross cut in the Department itself, as well as limited ability to cross cut across Government. We think this is problematic.

We are greatly opposed to the Assistant Secretary's initiative to institute a 15-percent indirect cost flat rate. We are opposed to a flat rate of any kind on indirect costs or administrative overhead moneys, because it simply doesn't make sense. You can't run a law enforcement program, and a school from region to region on the same basis on any flat rate, no matter what it might be. A 15-percent flat rate is especially troublesome because few programs can be run for that amount.

We would like the committee to urge the Assistant Secretary to withhold the publication of proposed regulations that would call for an institution of the 15-percent flat rate, and we understand that those regulations are about to be proposed. We feel that this would put us on an artificial time line that we need not be in that kind of scheduling arena, and that this matter should be left time for deliberation. People all across Indian country right now are coming up with ideas of their own, which we think should be worked out with the staffs of the appropriate committees, and the administration as well, without everyone being put into a 60-day, 90-day, 30-day response system. We urge you to urge the administration not to issue these regulations right now.

Switching very quickly to the Indian Health Service budget, and I know that that is going to be gone over a bit later, I want to point out that this Indian Health Service budget, like most of the budget that we are looking at across Government, is one that we have seen before. Here it is again. The story is one where tremendous cuts are being proposed in the new budget, and there is a request by the administration to cut what already has been appropriated for fiscal year 1987.

We oppose the rescission. We are suspicious about the reprogramming request that has yet to come up, but we know is in the works. We very much oppose the phase out of the Community Health Representatives and Urban Indian Programs. We oppose the decrease in contract care and catastrophic health care fund, and we know that this committee will be working diligently to raise many of these issues in the context of the Indian Health Care Improvement Act.

We think the Indian Health Service budget is the best justification for elevating the Indian Health Service from its current position to a higher position within the Department. There is clearly no advocate for the Indian Health Service and there is no one to stop this kind of callous proposal from being put forward. It is one that I would think would embarrass the executive branch, and should.

Thank you very much.

[Prepared statement of Suzan Harjo appears in the appendix.]

The CHAIRMAN. Thank you very much.

Before proceeding with our next witness, I would like to ask questions of the panel, and anyone can respond. I believe the answers may give this committee a better foundation upon which to receive your testimony.

What is the rate of unemployment among Indians in the reservations?

Ms. HARJO. As we understand—well, as this committee has estimated 3 years ago, it is between 50 and 60 percent nationally on reservations. Last year the BIA itself did a study of the 10 largest reservations and found an average 75-percent unemployment rate. The employment generally, in Indian country, ranges anywhere from 35 to 90 percent, and we have heard of 95 percent. These are Bureau of Indian Affairs figures, and we have checked with some tribes and we find that the tribal estimates run 5 to 10 percent higher than the BIA estimates.

The CHAIRMAN. So what you are telling this committee is that the unemployment statistics are a low of 35 percent, and a high 95 percent?

Ms. HARJO. That's right.

The CHAIRMAN. Average 75 percent?

Ms. HARJO. I don't know what the average is. What is said by the people more knowledgeable than I is that it ranges between 50 and 75 percent, generally.

The CHAIRMAN. On the matter of suicides, in all age brackets, where do the Indians stand as compared to other ethnic groups in the United States.

Ms. HARJO. The situation has not improved and has, in fact, gotten worse since the United States reported to the World Community of Nations in 1979 in the Commission on Security and Cooperation in Europe's report regarding domestic compliance with the Helsinki accords. I think that was called fulfilling our promises. It was reported that Indian people stand virtually at the bottom of every known socioeconomic indicator, and have the lowest per capita income, the highest alcoholism and suicide rates, the lowest health care and housing conditions, and on and on and on. It is a sad litany of statistics that is known to most Indian people, and pervades our very psyche, in that we live with these facts as a matter of death, rather than life.

Ms. KITKA. Mr. Chairman.

The CHAIRMAN. The rate of suicides, per capita, is the greatest among Indians? Greater than any other ethnic group in the United States?

Ms. HARJO. Yes; as is the high rate of Indian diabetes and tuberculosis.

Ms. KITKA. Mr. Chairman.

The CHAIRMAN. Yes.

Ms. KITKA. I'd like to address that question from the State of Alaska.

The CHAIRMAN. Please do.

Ms. KITKA. The State of Alaska Native suicide—of our 80,000 Alaskan Natives—is two times the statewide average for non-natives in the State. In some areas of the State it is 10 times the national average. A lot of the suicide statistics, which are covered in the health statistics in the State of Alaska, are askew because a lot of the areas in our State record suicide deaths actually as accidental deaths. Such as snow machine accidents, drownings, things like that—because they are alcohol related, and they are recorded as accidents where, in fact, a lot of the Native folks on that feel that it actually is suicide. But it is two times the non-native population in our State, and in several areas of the region 10 times the national average.

There was a period of time between 1968 and 1972 which was compared to 1975 and 1978 in which the average rate of suicide increased by 58 percent in our State. That was viewed as being an indicator of the extreme amount of change which is going on in our State, and the stress that that is putting on the native populations in our States. Just for your information.

The CHAIRMAN. Where do the Indians stand, as compared to other ethnic groups, on rates of alcoholism.

Ms. HARJO. I believe we also have the highest rate of alcoholism.

The CHAIRMAN. Have studies been made?

Ms. HARJO. Yes.

The CHAIRMAN. Do these studies indicate that the Indians have the highest incidence of alcoholism, as compared to other ethnic groups?

Ms. HARJO. Yes; this is one reason that Congress saw fit to pass the juvenile Indian drug and alcohol abuse prevention legislation as part of the omnibus drug bill. And, we are sorry to report, as Senator Murkowski was quick to notice, that the administration has not requested adequate funds for these programs, and we think that this reflects the objection that the BIA and IHS had to this bill as it was going through Congress.

The CHAIRMAN. What is the rate of dropouts, as compared to students in other ethnic groups?

Mr. BORDEAUX. I think, depending on what you define as a dropout, most school systems define a dropout as "somebody who leaves the system and does not attempt to provide education to himself in any other institution." If you look at that and go back to the Indian Control School study that was done a couple of years ago, and a few other things, depending on definition, I don't think it is as high as a lot of people feel, especially over the last 5 to 10 years since Public Law 95-561 and Public Law 93-638 were implemented. I think those programs, plus some other programs that public schools are doing, are beginning to impact on those things. But to get a clear definition, it is getting better, but it is still probably worse than the national average.

Ms. KITKA. Mr. Chairman, once again I have some statistics specifically to Alaska Natives on that.

The 1980 census indicated that one out of four Alaska Natives in high school were dropping out of school. That has been studied, and there seems to be a breakout that 17 percent of the Alaska Natives attending rural high school are dropping out, as compared to in the urban areas of Anchorage and Fairbanks where the dropout rate has reached 60 percent.

Overall, over the last 20 years the education attainment of young natives between the ages of 18 and 24 has increased significantly, but the problems in native kids coming in from rural areas into urban schools, and that whole transition thing, has really been a problem in the State. We have been trying to address it.

We have had hearings of the U.S. Civil Rights Commission to find out if there has been discrimination as a leading cause of that, but we have not been able to resolve what, in fact, is causing that high dropout rate.

The CHAIRMAN What percentage of high school graduates go on to higher education, not necessarily universities?

Mr. BORDEAUX. Again, I think I have to reference the Indian Control School study, saying of those that were studied, the students at the high school level, that wanted to go off, were somewhere up in the 70- to 75-percent range. Then looking at some of the specific schools that I have looked at over the last few years, it appears that there is somewhere between 30 and 50 percent that actually go on to higher education. The remainder either go right into the job market, and if there is no job market they usually are not working.

The CHAIRMAN. What percentage go to colleges or universities for a baccalaureate degree?

Mr. BORDEAUX. I don't have any reliable statistics, but, again referring to a couple of schools that I worked at, those that go directly to colleges or universities probably ranges right around 20 to 30 percent on an average.

The CHAIRMAN. How does that compare with other ethnic groups?

Mr. BORDEAUX. I don't have the answer for that.

Mr. PUNGOWIYI. For Alaska, from our area where we have a scholarship program, about 10 or 15 percent of the high school students go to college, and of that between 1 and 2 percent graduated with degrees.

The CHAIRMAN. Among the natives?

Mr. PUNGOWIYI. Among the natives; yes.

The CHAIRMAN. How does that compare to non-natives.

Mr. PUNGOWIYI. I don't know what the non-native percentage is.

Ms. KITKA. I think it compares Alaska Natives completion of college, based on the 1980 census, showed we were approximately 1.2 percent of all our college attendees graduated, compared to about 7.6 percent for national Indian students, compared to about 26 percent for our State population as a whole. So we are incredibly—have a less graduation rate that national Indian students, but then quite a substantial difference between our State population as a whole.

The CHAIRMAN. I have been told that Indians have the highest incidence of tuberculosis and hypertension—is that correct?

Ms. HARJO. Yes; that is the case, as well as the highest incidence——

The CHAIRMAN. And diabetes?

Ms. HARJO. Of diabetes.

The CHAIRMAN. Anything else?

Ms. Kitka. Fetal alcohol syndrome for children?

The Chairman. Is there any statistic you can give me that would place the Indians on the top?

[No response.]

The Chairman. Our next witness will be Mr. Roger Bordeaux.

STATEMENT OF MR. ROGER BORDEAUX, EXECUTIVE DIRECTOR, ASSOCIATION OF TRIBAL CONTRACT SCHOOLS AND NATIONAL INDIAN SCHOOL BOARD ASSOCIATION

Mr. Bordeaux. I think in regard to the high school graduates going on to college and the dropout material, I think what I will do is get whatever available material I have gotten, and give it to the committee later on, to give you some idea.

The Chairman. All of your prepared statements will be made part of the record.

Mr. Bordeaux. I think this morning—first thing I want to make a clarification. I am here testifying on behalf of the Association of Contract Tribal Schools, and the National Indian School Board Association. I work with the Association of Contract Tribal Schools, and we collaborated on the joint testimony with the National Indian School Board Association. Just to make a clarification for the record.

I think the main two things I want to talk about today are the transfer initiative in the BIA education, and also the budget for the Bureau education programs, primarily at the elementary and secondary level. We are quite concerned with some of the stuff in the Department of Education budget justification, and also in the Indian Health Service justification that deal with students at the elementary and secondary level.

I think, initially, when the Bureau proposed the school transfer issue they cited two specific studies that were done. One was done by the Gould Foundation, the other was done by McGraw-Hill, who are the testing people for the California achievement test and the comprehensive test of basic skills.

I think, now, they have more or less backed off saying that these studies are not necessarily true but they are not the primary source for the justification. They are saying now that it is more of a philosophical and policy decision as opposed to a statistical decision.

When you look at the test scores—I know Suzan said something about the validity of the tests—when I was up working in one of the schools a couple of months ago I was taking the CAT test, each level by myself, just to see what they were, and at the fifth or sixth grade level in the California achievement test there was one question that related to answering a chronological order of events, and one of the answers dealt with the Battle of Wounded Knee. I think if most of you remember American Indian history, the Battle of Wounded Knee, which happened in South Dakota, was not a battle at all. It was a massacre. Quite a few Lakota people died at that time, and it was at the hands of the U.S. Calvary. That is just one sample of the validity.

Senator Melcher. Dakota.

Mr. Bordeaux. What? Yes; in the Dakota——

Senator MELCHER. Dakota——

Mr. BORDEAUX. Yes.

Senator MELCHER. Instead of Lakota.

Mr. BORDEAUX. Well, Lakota is one of the languages that the people use.

Senator MELCHER. Dakota for the Oglala Sioux, where it happened, and who were killed.

Mr. BORDEAUX. Yes; it happened on the Pine Ridge Reservation. I think the other thing they talked about, is the testing scores itself that the Bureau used in the studies that they have done over the last few years. I think on page 4 of the attachments that I have to my testimony, outlines test scores on the CAT test for 1982-86. In every grade, from second grade through ninth grade, it shows improvement. Every grade, at every level, for those 5 years.

I grant you, some of the schools are not up to the national average yet, but they have to be given the opportunity to do that. I think the primary reason for that is the Federal Government's mandated material in Public Law 93-638, and Public Law 95-561, which deals with local control, and giving the school boards and the communities more access to that system in making decisions for those students in the systems.

That is why the testing scores have improved, regardless of what the Assistant Secretary seems to feel in reference to the test scores. So some of your staff, or whoever, can take a serious look at that. It proves that the students in the BIA funded schools have improved over those last 5 years. It proves that they want to continue to improve, and hopefully with either some changes internally within the Bureau, or some changes that Congress can make with the appropriation and the authorization bills, that progress will continue to move even faster than what it has been.

And then the final thing that I want to hit on is the budget justification, itself. The main thing is, I think, that Congress should do whatever it can to ensure that the Secretary of the Interior not implement his proposed forced contracting to tribes and the contracting of the education programs to any other nontribal entity. I think the majority of the schools and the students are proving that, despite all of the internal problems, they have been able to progress, and, you know, just let them keep doing that and make sure that the Bureau, implements what is mandated in Public Law 95-561 and the amendments, and then go from there.

We have requested some specific budget changes in regards to standards implementation, transportation, the ISEF formula, facilities, which I am sure a lot of you are aware of in regard to the backlog of unhoused students and facilities not being brought up to health and safety standards, and a lot of other issues in the testimony.

But I think the main thing that we are concerned about is the transfer issue, and the justification that the Bureau uses for the transfer issue, and then we can go from there.

The CHAIRMAN. Mr. Bordeaux, some Indian children attend public schools within the confines of the reservation. There are still others who attend public schools outside the boundaries of a reservation. There are some children who attend Indian schools in the reservation. What percentage of Indian children attend public schools within reservation?

Mr. **Bordeaux**. I'll say that of the total population of approximately 350,000 students, according to Department of Education statistics, approximately 200—I am trying to think of who is eligible for JOM and impact aid—but I think it is somewhere like 240,000, or something like that. So it is approximately two-thirds.

The **Chairman**. That attend public schools?

Mr. **Bordeaux**. Yes; in and around reservations.

The **Chairman**. And the remainder attend Indian schools?

Mr. **Bordeaux**. The remainder attend Indian schools, and also schools in urban areas. Because of some of the relocation programs and all of this other stuff, there is quite a bit of Indian population in Denver and Cleveland, and a few other places.

The **Chairman**. How do these students compare on achievement level—a public school student and the Indian school student.

Mr. **Bordeaux**. I don't think there is really any reliable comparable data for Indian students in public schools and Indian students in BIA-funded schools. I think the main thing is to look at where those kids were when they entered the system, and where they are after—whatever testing area you want to use—either after 6th grade or after 8th grade or after 12th grade.

To look at one student in a public school system someplace, and another student in a different type of institution in a different place is kind of hard to do.

I think the—like the Indian control study—again I have got to go back to that—they have identified at least five distinct differences of the control group, which was the Indian control schools, and the comparison group, which was public schools and even some BIA schools. I think the main thing was economic family difference, one was bilingualism, one was the number of years in the institution that they were currently being tested, and there was another category in regard to the willingness on behalf of the local school system to work with problem students, and then I can't remember exactly the other category.

That study basically said that those students in the Indian control schools—there is a distinct difference in at least those five categories between them and Indian students in the comparison group. Those things have effects on test scores and ability and a lot of other things.

The **Chairman**. I'll study that report.

Mr. **Bordeaux**. OK.

The **Chairman**. Do you have any statistics as to whether the incidence of juvenile suicides are greater in Indian school students or public school students?

Mr. **Bordeaux**. I don't believe there is any out that I am aware of, in regard to suicides. I think, in response to some of the questions in regard to what you were talking about earlier—the suicides, alcohol, drugs, and things like that—there are some recommendations in the testimony that deal with the Alcohol and Drug Program right now within the Bureau for Education. As far as I am aware of, as of to date, they have not distributed any of the funds to the local schools in regard to implementing any of the material, and I even think some of the other—supposedly what they consider supplemental programs, the gifted and talented, and some other things they have not gone forward as fast as maybe some people may think.

So I think locally the schools really want to work on this, but nationally it sometimes gets bogged down in the bureaucracy, not only within the Bureau of Indian Affairs, but within the Department of the Interior and OMB, and even sometimes Congress has their own opinions, too.

Senator **Melcher**. Thank you, Mr. Chairman.

Mr. Bordeaux, you may have given some very important testimony, I'm not sure just what you've testified, so I am going to go over some of the points.

Did I understand you to say that recent test scores have indicated that Indian children education is improving?

Mr. **Bordeaux**. Definitely. If you look at page 4 of the written testimony, there is a complete outline, by grade, of the last 5 years of the California achievement test scores of the students in BIA-funded schools that were tested with the California achievement test.

When you look at that, there is an increase every year.

Senator **Melcher**. Wait 1 minute. You said California test scores.

Mr. **Bordeaux**. California achievement test—that's the name of the test.

Senator **Melcher**. Which was used——

Mr. **Bordeaux**. Used in some BIA funded schools, about 30 percent of the students that I am aware of were tested with that test.

Senator **Melcher**. Thirty percent of what?

Mr. **Bordeaux**. The students in BIA-funded schools.

Senator **Melcher**. In all BIA-funded schools?

Mr. **Bordeaux**. Yes; in all BIA.

Senator **Melcher**. Which would include BIA schools and BIA contracted schools?

Mr. **Bordeaux**. Right.

Senator **Melcher**. All right. Now, that's a very pertinent point. I am sorry I didn't—is your testimony in here or not?

Mr. **Bordeaux**. Yes; I believe it is.

Senator **Melcher**. I am sorry, I hadn't referred to it. Thank you.

Now, on this question of BIA schools as compared to BIA contracted schools, you represent Indian School Board Associations, which would be primarily BIA contract schools, right?

Mr. **Bordeaux**. That is who I currently work for; yes.

Senator **Melcher**. That's correct. Now, it is my understanding that BIA contract schools has probably a positive step. Is that correct?

Mr. **Bordeaux**. Yes.

Senator **Melcher**. It is also my understanding that reduction in funding, per student, has occurred over the past 5 years. Is that correct?

Mr. **Bordeaux**. I think the correct way to put it is that the increase in funding has not kept up with at least the cost of living over the last 7 years——

Senator **Melcher**. Let me rephrase that. It is my understanding that the cost of education per student in the BIA school compared to a BIA contracted school has not kept pace in the BIA contracted school as compared to the cost of student in the BIA school. Is that correct?

Mr. **Bordeaux**. If you look at basic instructional revenue for the BIA schools and the BIA contract schools, those dollars are distributed equally.

Senator **Melcher**. They are distributed equally?

Mr. **Bordeaux**. Yes; it is under the Indian School Equalization Program. It is based on a weighted student unit, and all of the BIA-funded schools—the funds are distributed equally.

Senator **Melcher**. Between BIA schools and BIA contracted schools?

Mr. **Bordeaux**. Correct.

Senator **Melcher**. The cost is the same?

Mr. **Bordeaux**. I don't think—it's hard to determine costs when you are restricted on revenue and everything. I can identify contract schools that use and have available only the basic money for BIA, which is around $2,000——

Senator **Melcher**. Well, that is what I am talking about. I am talking about Federal funds.

Mr. **Bordeaux**. OK.

Senator **Melcher**. Now let's sort this out.

Mr. **Bordeaux**. OK.

Senator **Melcher**. The amount of Federal funds per student is greater in a BIA school than it is in a BIA contract school. That is my understanding. Is that correct or incorrect?

Mr. **Bordeaux**. In general I don't think I can make that statement——

Senator **Melcher**. You don't know?

Mr. **Bordeaux**. As a generality.

Senator **Melcher**. Well, do you know or not know whether that statement is correct?

Mr. **Bordeaux**. If you take into account what the Bureau spends in other areas other than just the school. The school itself does not have any control over the majority of the operation and maintenance costs at that level. Somebody else within the Bureau manages that. So the school board doesn't know how much money is being spent in that area. They don't know how much money is being spent in regard to administrative costs for that school, in regard to personnel management, financial management, and all of those other categories. So it is really hard to compare. We know exactly what the contract schools are spending in different ranges, and everything, but it is hard to compare exactly what the BIA schools are spending on their schools outside of the formula.

Senator **Melcher**. Well, I don't know whether my understanding is correct or incorrect, but I am telling you that where I come from that is what it appears to us, and I think we are right.

Mr. **Bordeaux**. I think in a lot of cases you are right, if you take into consideration all of those other categories.

Senator **Melcher**. Well, if the funds are available, my understanding is, of our tribes in Montana, which I think are typical of Plains tribes, is that they would prefer to have a BIA contract and they feel more comfortable with those schools. They think they are making more progress.

But their fear is—and it seems to be a real fear—is that they are not getting as much funds as if the kids were actually enrolled in a BIA school. That distinction bothers me, because I think the trend is toward BIA contract. And while we may have to argue with—you and I may even have different viewpoints on what the trust responsibility is, for instance, on Indian health. But we seem to never have any argument with the BIA, with the Justice Department, the Department of the Interior, or anybody, that the schools and education are distinct trust responsibilities. If the trend is toward BIA contracted schools, which I believe it is, and if it is more successful for the student, then it seems to me that what we are talking about is: where is the funding at?

On many reservations there simply is no other funding except Federal funding. There is no property base, no means of collecting any revenue for the schools except through the Federal Government.

I am pleased to hear what you have stated on the progress that is being made in the education, but I am also concerned that it takes more dollars every year to achieve good results in education, and I am afraid those dollars have been limited.

Mr. **BORDEAUX**. I think what I stated earlier was that there are some specific budget recommendations within my written testimony in regard to ISEF formula, transportation, standards money, money for facilities repair and improvement, and a few other specific areas. The committee can look at those, and if they have any additional requests or comments, I would be more than willing to submit them.

Senator **MELCHER**. Thank you very much.

The **CHAIRMAN**. Thank you very much.

Our next witness is the president of the Intertribal Timber Council, Warm Springs, OR, Mr. Michael Clements.

STATEMENT OF MICHAEL CLEMENTS, PRESIDENT, INTERTRIBAL TIMBER COUNCIL

Mr. **CLEMENTS**. Good morning, Mr. Chairman and members of the committee.

It is an honor to be here this morning before you representing the Intertribal Timber Council.

Needless to say, we are opposed to the proposed cuts in the 1988 proposed budget for BIA forestry programs. Right now it would appear, by the numbers that we have available to use, that the budget is being reduced some 33 percent, from $33 million to $22 million in the BIA's fiscal year 1988 proposal.

Mr. Chairman, the tribes in our association, some 49 tribes and other Indian organizations throughout the United States and Alaska, compose 90 percent of the timber base that produce some $1 billion of economy across Indian country, is very concerned about the method in which the Forestry Program is being viewed.

It is our understanding from statements made by the Assistant Secretary and his trust deputy that the trust responsibility to the Indian forest is that of fire protection and bug infestation, and does not include management or forestry development. We are very concerned about that attitude. We believe that the initiatives that are being proposed place the Indian forestry programs, outside the norm. I guess the Indian people are being asked to finance the development and the management of their forests, which we believe to be trust responsibility of the United States.

Mr. Chairman, in terms of that attitude, we look at the initiatives that are being proposed as being contrary to the trust responsibility as you have stated in your opening remarks, and also contrary to the 1983 Presidential policy statements.

If we look at the budget, Mr. Chairman, it verifies, that forestry is the largest cut of any BIA program. Each year I have come to Washington, DC, to testify on these program cuts, and each time I have stated that the management of Indian forests is an ongoing, living process that cannot be turned off and on. The economy bases that survive because of the Indian forests that are important to the Indian communities and its surrounding neighbors. The changes being proposed would be drastic, in our minds.

Let's take a look at the budget, No. 1, being a $7.5 million cut in the Timber Sales Administration Program. Our concern, is the sustained yield concept that our forests are under, and that this would severely hamper that initiative that is presently under way.

The annual allowable cuts that are being produced from the Indian forests simply would not be there, and eventually the sales and marketing programs would disappear.

No. 2, speaks to the collection of $5 million in fees from timber receipts. Back some time in the 1970's, Mr. Chairman, those dollars were authorized to be used in reforestation programs so they are now put back into on the ground projects.

The BIA is requesting that those moneys be returned back to the BIA, to offset program costs.

They are requesting a change in language that would allow that to happen, and we are very opposed to that. That would completely wipe the forestry programs out on Indian reservations. As we look at it, right now the congressional intent is for those moneys to be put back into reforestry programs, and they made that clear back in 1982 and 1983 when there was a request by a solicitor, Coldiron, to return these moneys back into the U.S. Treasury.

The Secretary of the Interior, at that time, put together a task group of NCAI leadership, and tribal leadership, and came to the conclusion that that was not something that should be done, and we maintain that stand today.

No. 3, is a $3.15 million cut in the Special Forest Development Program that would reduce that program to $5 million. Back some time ago in the early 1970's, the Indian tribes were considering suits against the U.S. Government for mismanagement of Indian forests. And rather than have that Congress placed money in the budget to catch up on the backlog of mismanagement. Each year this program is proposed to be cut.

Once again, it is our understanding that it is the view of the BIA people that there are postponable projects out there in this area, and we contend that is not so. We have asked questions of the forestry program people of how long it would take to wipe out such a backlog, and we have received information that by the year 1995, if we continue the $8 million level funding. Once again, they are proposing to reduce that program $3.15 million, and we have asked the question, again, in a letter to the forestry folks, then how long is it going to take us to take care of that backlog. It is our understanding right now it would be pushed into the year 2000-plus-some-odd years, and that would mean drastic losses in terms of income to the tribes over those years, and we are very concerned about that program that Congress put in place.

No. 4, there is a $700,000 cut to the area office of forestry funding that would reduce the BIA forestry manpower load that work with Indian tribes across this country. This would hamper these programs, and we feel that those dollars should be restored.

No. 5, is the forestry privatization initiative. This is a very big concern to the forestry tribes. Here the initiative is to place forest management under the private sector, and I could not sit here and look you straight in the face, or anybody else, and say that in terms of marketing and as business people there is not a conflict of interest in that approach to doing business. We could not, in our minds, be competitive in the business world if our competitors ran our business.

These concepts may make sense to some people, but when you get right down to doing business, they don't make sense. I think that the BIA officials that are presently heading the program have not taken the time that they need to to talk to the Indian people in these matters. When they do, it is more of a "We are not here to ask your consideration, we are here to give you information and tell you what we are going to do." To us that is an approach of arrogance.

We have been working with the Bureau over the last 10 years. This association will have its 11th symposium this coming year in Green Bay, WI, and we are very proud to say that we have had a positive working relationship with the Bureau of Indian Affairs, and all of those that we come in contact with.

Mr. Chairman, those are areas that we are concerned about in the 1988 budget. I will do my best to answer any questions that you might have today. We have handed our material in, and I will do my best to answer whatever questions you might have.

The CHAIRMAN. Thank you very much, Mr. Clements.

[Prepared statement of Mr. Clements appears in the appendix.]

The CHAIRMAN. If I may recap, there are fees assessed on the sales of timber. Since 1972, the fees were made available to the timber tribes for their use, and for the most part they were used for reforestation. Is that correct?

Mr. CLEMENTS. Yes.

The CHAIRMAN. The proposal now is to take 50 percent of that and to use that for BIA expenses. Is that correct?

Mr. CLEMENTS. My understanding is that they would take it all. Also, Mr. Chairman, not only would they take it all, we understand that they may increase the percentage to cover the total cost of the BIA program, so that number could go from 10 percent to our understanding of 30-percent plus.

The CHAIRMAN. So there is a possibility, from your perspective, that none of the fees may be available for reforestation purposes?

Mr. CLEMENTS. That's right.

Senator INOUYE. In addition, the Timber Development Program cut is $3.15 million.

Mr. CLEMENTS. Yes.

The CHAIRMAN. And those funds would be used for reforestation purposes?

Mr. CLEMENTS. Mr. Chairman, those were dollars that were specifically set up by Congress to eliminate a backlog of mismanaged forests for years past.

The CHAIRMAN. This was to be achieved by 1991?

Mr. CLEMENTS. Yes; recalling, the years were sooner than that, but because of budget reductions and the deficits that have come before us in the recent years, those years have been extended out—the last one was to 1995.

The CHAIRMAN. Under the present circumstances, and if those two proposals are approved, would you be able to make up the backlog?

Mr. CLEMENTS. No.

The CHAIRMAN. When do you think you will be able to make up the backlog?

Mr. CLEMENTS. We continue to ask that question of the BIA Chief Forester, and our understanding is at the $8.15 million level closeout could occur by 1995.

The CHAIRMAN. In your working relationship with the Bureau, what sort of consultation is there?

Mr. CLEMENTS. Our consultation, in terms of the association that I represent, is pretty much a day-to-day and week-to-week operation. We speak directly to the BIA forestry officials, and work along with them in matters of initiatives that come out of an annual symposium that we contract through the Bureau, and assemble once a year in some location throughout the country and sit down and work with Bureau officials and tribal officials and private sector people to try to address problems and concerns. In that symposium we realize we can't fix the world, so we usually maybe come out with two, three, maybe four recommendations each year in our programs that we try to work out.

The CHAIRMAN. Was the present budget proposal discussed with you before presentation to the Congress?

Mr. CLEMENTS. Not to the point of indepth discussion. We have had correspondence and written correspondence as to our concerns, but——

The CHAIRMAN. Did they tell you they were going to reduce the development program by $3.15?

Mr. CLEMENTS. When we looked at their printed material, we knew.

The CHAIRMAN. Did they tell you that?

Mr. CLEMENTS. No; they did not.

The CHAIRMAN. So the first time that you learned about it was when the budget proposal was made public?

Mr. CLEMENTS. Yes.

The CHAIRMAN. Did the Bureau tell you about the arrangement on sales fees?

Mr. CLEMENTS. There again, we did not know until late in the budget planning.

The CHAIRMAN. Are you telling me that there is very little input that you are able to provide in the budgetary process?

Mr. CLEMENTS. Yes; that is true. I could sit here and tell you, Mr. Chairman, that these initiatives were not requested by the tribes that I sit down with.

The CHAIRMAN. Do you think that the tribes could do a better job if they handled everything related to timber?

Mr. CLEMENTS. Our approach in terms of philosophy is that the working relationship has to be coordinated, and everybody has to be involved. I do not believe, in my own mind, that the tribes could go out on their own and make it work in total. The dollars that are made available through Congress and the dollars that are generated through the economic base on the reservations are a must. I would like to mention that from everything that we have heard, that this is one of the, and probably the most successful program that the Bureau has in terms of generating dollars to finance tribal governments in the Indian country. Yet, every year we seem to be the one that takes the largest cut in terms of the budgets.

The CHAIRMAN. Will this proposal increase or decrease the income through Indian country?

Mr. CLEMENTS. Decrease.

The CHAIRMAN. Do you have any idea by what proportion?

Mr. CLEMENTS. Overall, I do not have that number on the top of my head, Mr. Chairman. In terms of the fees themselves that are collected, we know that right now they are approximately $50 million generated in that one pool, and that would be reduced to some $12 million, by the numbers that we can quickly pull off the top of our heads.

Senator MELCHER. I'm interested, Mr. Clements, if the basis for the fee collected on BIA timber sales—is that statutory?

Mr. CLEMENTS. Yes; it is in U.S.C. 413—25 U.S.C. 413.

Senator MELCHER. They'd have to have a change in the law, then?

Mr. CLEMENTS. They are requesting a change in the language, yes.

Senator MELCHER. In the law?

Mr. CLEMENTS. Yes.

Senator MELCHER. They are not going to get it. Thank you.

The CHAIRMAN. I thank you very much, sir. Our final witness is Ms. Kitka, from Alaska.

STATEMENT OF MS. JULIE KITKA, PRESIDENT, ALASKA FEDERATION OF NATIVES, ANCHORAGE, AK, ACCOMPANIED BY CALEB PUNGOWIYI, CHAIRMAN OF HUMAN RESOURCES BOARD

Ms. KITKA. Thank you, Mr. Chairman.

My name is Julie Kitka, and I am the special assistant to the president of the Alaska Federation of Natives, and with me today is Caleb Pungowiyi, from Nome, who is the chairman of our human resources board.

The Alaska Federation of Natives is composed of three separate sets of organizations. We represent the 13 regional corporations set up by the Alaska Native Land Claim Settlement Act, the 12 regional nonprofit corporations, which are native-run organizations which contract, basically, under Public Law 93-638 and provide human services throughout the State—Caleb is chairman of that board. We also represent 114 villages who are dues-paying members of our organization.

We have a number of concerns that we wanted to bring to the committee today, but we want to highlight a couple specific examples.

To start with we want to talk about the lack of budget data that is comparable to last year's figures. Last year, when we went through the BIA figures in detail we had a heck of a time comparing the prior year's. Well, this year's budget figures we are having the same difficult time.

For example, the tribe agency operations—we still don't get enough information that satisfies our curiosity on how that is actually going to work, and how that's going to affect tribes. This year it appears that the tribe agency operations has been split into five different components. Last year's budget initiative it was just one lump sum, and it was unacceptable to the Congress. This year they have divided it into five parts. But we still have no more information than we had last year on what impact that would have on tribes.

Another point that we wanted to bring up to the committee as far as the BIA budgeted initiatives, is that they appear to be administratively driven rather than coming from the people themselves. I know the organizations that I work with—hardly any of the initiatives are something that people would place as their top priorities as far as what the BIA should accomplish in this next fiscal year.

Initiatives that we think would be the top priorities definitely would be the alcohol and drug abuse implementation by the BIA, and another one which would be our top priority would deal with implementation of the Indian Child Welfare Act in Alaska, and the budget initiatives on the Indian Child Welfare Act remain the same as last year, which is a reduction from the prior year. We think that that figure is totally inadequate to deal with child custody issues in the State of Alaska, or as a nation. We think that that would be a real important issue for this committee to bring up and come up with some reasonable figure, which would have to be an increase from what is being proposed by this administration to try to address child custody issues.

Let me give you an example. In our State, with our Native people, why that is a problem. Approximately 98 percent of all of the civil litigation that we are involved in as Native people in the State of Alaska has to do with child custody, has to do with trying to maintain Native children in Native families and in our communities.

We feel that there is a lot of aspects of that law which are being implemented in a kind of a random, or at least not equally throughout our State, which is having an impace on that. If there was like an oversight hearing by this committee in the State of Alaska on the Indian Child Welfare Act in implementation, and possibly legislative remedies developed to try to devise ways to make it work better in the State, we feel that that would be a major accomplishment in trying to reduce the litigation Native people find themselves in.

When we talked to our State people about Native kids that are in State custody, the number of kids in State custody, approximate about 46 or 47 percent of their clientele, and we only make up 15 percent of the State. So Native children in our State greatly outnumber non-Native kids, by way of percentages, as far as being yanked out of our families and our communities, and the Indian Child Welfare Act, if it is made to work and if it is implemented correctly in our State, should be able to resolve some of those problems.

So that is an example of an initiative which we feel should be undertaken by this committee and by the BIA which doesn't come out in these budget initiatives.

Another example of an issue which we feel that ought to be resolved by this committee is one of the BIA budget reductions in Alaska takes into account a $500,000 reduction in facilities management for our Bethel Agency, and a $500,000 in the ANCSA Project Office—that, combined, is about $1 million budget reduction in the BIA, which we feel that program should be reprogrammed into priority projects that the Alaska Natives feel need to be taken care of, rather than just drawn out from the State and absorbed into the central office, or used for their computer services. That is a specific example we wanted to bring to your attention.

Caleb is going to mention two specific examples, one having to do with the 104(a) self-determination grants, and the 15-percent cap on indirect rates.

Mr. PUNGOWIYI. Thank you, Mr. Chairman.

Before going on to this 104 eliminations, and the indirect rate I want to talk a little bit, also, about the initiatives that are being proposed and how they might affect Alaska Native tribes.

Under Indian education on higher scholarship programs the Bureau is proposing a program that would require recipients of these scholarships to work within the BIA or within the tribes. While this may have worked with Indian Health Service for their specific field that the scholarships were given to, we feel that it would be very difficult to require recipients of these scholarships to be employed or work for the BIA or our tribes, simply because of the vast differences that they may have specialized in engineering, law, other areas that they might get their degrees.

But also we are facing some changes in the regulations that the Bureau is proposing in regard to higher education grants. For those of us who are familiar with the process of applying for scholarships, and those of us contractors who have to handle the necessary paperwork for these things, you would be amazed at what it takes for an Indian student to receive a grant from BIA to go to college.

The new regulations that they are proposing will further restrict, or maybe disillusion, some of the students that may want to apply for higher education grants.

As a contractor, I have to deal with about six different Indian regulations that apply to me as a contractor.

One is the 25 CFR, another one the 42 CFR, another one the 41 CFR, then there is BIA regulation, and then the Public Law 93-638 regulation. So we have to deal with a myriad of regulation in some cases which conflict with one another. I think that this committee should look at how the Bureau and Indian Health Service regulates its services to Indian people and try to streamline some of the ways that these services are provided.

Going to 104(a) grants, the Bureau has directed our agencies to ask Indian Native people, or to reprogram 104(a) moneys to other Indian banks. In other words, they are administratively eliminating 104(a) moneys out of the band. To us, this is arbitrary, and is being done without tribal input and in its place they are proposing these tribal assistance government assistance initiatives.

My understanding is that the Bureau is short $4 million to carry out this tribal government initiative. If it is not in the budget, then it has to come out of somewhere else within the Indian budget. That may mean direct Indian programs. I would urge this committee to question the Bureau testimony as to where they are coming up with this money to carry out the tribal assistance program. And also, as Senator Murkowski pointed out earlier, there are some villages within Alaska that may not fall within the particular categories of tribal assistance because of their population size.

One item I want to bring up in Alaska budget—the Bureau of Indian Affairs Alaska budget for Juneau agency office. There is one agency that the Bureau, for some reason, has elected to cut by 17 percent—the Nome agency. They are eliminating the training and technical assistance to tribes, eliminating the administrative services, eliminating employment assistance, and severly reducing adult basic education program, also eliminating the 104(a) grant moneys.

I don't know whether these eliminations are intent in terms of carrying out the proposed reorganization that the Alaska area office is currently proposing. We also feel that this reorganization is being done with little tribal consultation as being fast tracked so that the total reorganization of Alaska will be implemented by September 1987.

This, again, will have some budget impacts in regards to agency budgets. It will have impact on the services that Alaska Natives receive from the Bureau of Indian Affairs. But the direction that the reorganization takes is frightening to us in that the Bureau is changing away from a service provider to an organization similar to ANA united contracts with tribes to provide services to Indian people.

To us the trust responsibilities that the Bureau has in regards to Native people Alaska is being undermined, and we fear that this is a further step toward termination of Alaska Native tribes in regard to Bureau of Indian Affairs and Indian Health Service.

Ms. KITKA. Specifically on the BIA reorganization, we had three points that we wanted to request. One was when the committee is deciding what topics and where to go as far as their field hearings, we would like to request formally three field hearings. One on the Indian Child Welfare Act implementation in Alaska; a second one on Public Law 93-638 amendments, since Alaska is very aggressive in contracting under Public Law 93-638 there are Native folks who would like to have a hearing in there and be able to provide a lot of input from our own experience on problems we have encountered in Public Law 93-638 contracting and how best to resolve that; and the third hearing we would like to respectfully request is on the BIA reorganization.

In addition to a hearing on that, we would like to request that the committee require the Department to issue a real strong statement if they go ahead with the BIA reorganization that if the reorganization goes forward, it will not have a negative impact on the special relationship between Alaska Natives and the Federal Government.

There is a fear that Caleb mentioned earlier, within Alaska, that that is basically being proposed to not modernize the Bureau, which certainly it needs to be modernized, but in some way it is going to chip away at or deteriorate the special relationship between Alaska Natives and the Federal Government, and lead toward termination. That is a very real concern, and so if the committee could require the Department to issue a firm statement that that is not the intent, that would satisfy a lot of Native concerns.

The third item on the BIA reorganization was to respectfully request the committee to require any savings gained by reorganization, either in the first fiscal year or in the ensuing fiscal years, go directly into program services, as opposed to go back to the DC office or go into BIA administration. That whatever savings that Native people that are involved with the BIA—and like I said we are major Public Law 93-638 contractors—that it be allowed to go into direct program savings. We think that that will motivate all of the people involved to try to maximize the savings and make the best use of funds if they know that it can go into direct services for our people.

Those are three areas on BIA reorganization.

Mr. PUNGOWIYI. One more thing—I notice on the flat indirect rate that we are taking the same position that the NCI has taken in that we ask this committee to direct the Bureau of Indian Affairs not to initiate the indirect rate until there has been—or not to publish the regulations—until there has been further study. We feel, as a contractor, that it will certainly hurt organizations like us who do contract with the Indian Health Service and BIA contracts because of the proposed flat rate that the BIA is proposing.

Thank you.

The CHAIRMAN. The President's budget proposal, among other things, would call for a 20-percent cut in contract care. If this cut were approved by the Congress, what would be the impact on Alaska?

Ms. KITKA. I guess our analysis on that—it would cut services by 25 percent, 24- to 25-percent cut in services.

The CHAIRMAN. What sort of services?

Mr. PUNGOWIYI. We have some hospitals in the rural areas of Alaska who do contract with BIA or Indian Health Service for health service within the regions: Norton Sound Health Corp. in Nome, Bristol Bay Health Corp. for the Dillingham Hospital, and I think Manailok is also seeking to contract in the health service facilities there to run those facilities under contract care.

If this kind of reduction does take place, then there is a real possibility that these contractors would not be able to run these hospitals any more, because in addition to the reduction, they are facing some severe increases in their malpractice insurance, and some of them are running as high as $600,000 a year just for malpractice insurance. So it is something that this committee should seriously take a look at and make sure that the services do not deteriorate to a level that they cannot be provided.

Senator INOUYE. There is also an 11-percent reduction in the line item on hospitals and clinics. Would that mean the closure of hospitals or clinics in Alaska?

Ms. KITKA. I am not specifically clear on that issue. We can get a written response on that, what that effect would do.

[Information not received at time of printing.]

The CHAIRMAN. Now, you indicated that the contract care reduction of 20 percent would have a 25-percent effect on Alaska. Would it mean just reduction of services, or outright closure of hospitals?

Ms. KITKA. I am not exactly clear on that. I do know that as far as Indian Health Service is concerned, their rescission efforts would, in fact, impact two of our hospitals. It would impact our hospital in Kotzebue, which was appropriated last year, and also the staff quarters for the Canakanak Hospital in the Bristol Bay area.

The initiatives in Indian Health Service will impact the planning process for the new hospital in the Anchorage area, the Alaska Native Health Clinic on that, significantly. That hospital has been a national priority right behind Rosebud Reservation for a number of years. That process would be impacted by these Indian Health Service initiatives.

The CHAIRMAN. I was told that recently you had a meeting in Anchorage with BIA and IHS on drug abuse. Did anything come out of that meeting?

Ms. KITKA. Well, specifically, there is a real uncertainty whether or not Alaska Natives are going to be able to participate in any of the BIA funding for the anti-drug-abuse law, because we don't have any BIA operated schools, whatsoever—the last five were transferred several years ago—there didn't appear to be any mechanism to get any kind of BIA funding into the State.

We have suggested to our delegation that one possible avenue would be to allow those funds to transfer through the Johnson-O'Malley Program as an appropriate vehicle for the funds, since there are not BIA schools.

Alcohol abuse and drug abuse is the No. 1 health priority in the State, and I think it would be a very big mistake to exclude Alaska out of a major law like that.

The CHAIRMAN. You have had your schools transferred to the State in recent years?

Ms. KITKA. Yes.

The CHAIRMAN. What has been your experience with that?

Ms. KITKA. Well, that would be a very good subject for some in-depth analysis, especially with the national discussion going as far as increased emphasis on transferring schools to the tribes through Public Law 93-638 contracting going over to the State. Our most recent experience with transfer of schools was for five schools that were in the Bethel area. Our organization, the local communities, and the statewide Native community, was opposed to the transfer of the schools, however, it was accomplished.

One way that we tried to—like I said, we were opposed to it, but it happened anyway the last five schools that were transferred to the State. Basically, it is my understanding, the reason why they were transferred was because our State had tremendous oil wealth at the time and the State made some commitment, so they felt that they could take over the education of all students in the State, and do a good job. Therefore, they accepted the responsibility from the Federal Government and some ensuing problems.

We worked with those five communities, like I said, that were opposed to the transfer, to try to see if we could get those schools to work well in our State under the State system. All five schools were BIA contract schools, so the parents in the communities, especially the leaders in the communities, were very familiar with what they were trying to accomplish in their schools, had a great deal of local control, and were making substantial improvements in their educational system.

One thing that we did specifically to try to help them accommodate to the transfer to the State is we worked with our State legislature to get a specific law to allow those schools in those communities to be included in a separate school district so those Native leaders could elect their own school boards and maintain that local control and the parent involvement in the school. That was successful in our State legislature, and apparently those districts are running fine. However, there is something to be looked at as far as for the long term. In the short term the State of Alaska was probably able to afford those schools, in the long term I don't think that they are.

This past year we have been involved in discussions with leaders in the State of Alaska, and as you all are aware the price of oil dropped dramatically, and we are looking at trying to, in our State budget, make up a half-billion dollar deficit and a budget reduction in our State services of $1 billion. So you are talking within the next few months trying to come up with budget and operating plan for our State reducing the budget by $1.5 billion.

Our concerns with that have to do with, especially, the rural areas of the State where all of these schools that are State operated are 100 percent State general funded. If you are talking about reducing State funding by substantial amounts—$1.5 billion over a 1 year period of time—we are concerned about the impacts on those schools.

Right now we have schools in all of our villages. We don't know if at the end of our legislative process, and when they are done with the budget, whether or not those schools will be operated in the next year. We also don't know whether or not Native people have control of those schools like they do right now. Right now we have 53 school districts in our State. A good number of those are all Native school board members running districts, lots of parent involvement, lots of local advisory boards, and they seem to be working well.

Our major emphasis prior to this big budget crunch was trying to improve the curriculum development and trying to raise academic achievement in the school, and we really feel strongly that that initiative needs to continue, but we feel that we are really threatened as far as the local control and the Native control of the educational system with this big budget crunch.

So those five schools which, basically, had their schools forced into the State system, we feel very much are in jeopardy of losing that local control, and the parents in those communities being totally disillusioned that the Federal Government gave up on any responsibility for their kids and they are basically out of the State system because they are such a minority within a larger group of people. That's our concern as far as the contracting.

The CHAIRMAN. Now, you have said that your hospital and the one for Rosebud are high on the priority list. Can you give this committee a description of the physical condition of the Alaska Native Medical Center and the Kotzebue Hospital? Do you have any photographs?

Ms. KITKA. We can provide those. I can't really describe it too much in detail, other than it was originally built as a tuberculosis center, and so even the layout and design is not appropriate for a modern hospital.

The CHAIRMAN. When was it built?

Ms. KITKA. In the 1950's, I believe, it was built. So I know that they have done analysis on whether or not it is cheaper to try to remodel the hospital or build a new one, and they have found that it is a lot cheaper to build a new one then try to remodel this old tuberculosis center.

In addition, it is sitting on a fault line where we had a major earthquake. So it is not considered safe, the bulk of that facility. But we can provide physical description of it, photographs——

The CHAIRMAN. It is one thing for you to tell me it is in bad condition, but we would like to know what you mean by bad condition.

Ms. KITKA. We would be glad to provide that.

The CHAIRMAN. Do the roofs leak, does cold air come in through the walls? How many beds do we have?

Ms. KITKA. I don't have the exact figures. I would imaging probably about 200 beds on that.

The CHAIRMAN. Are they all filled?

Ms. KITKA. I would have to get that information for you.

The CHAIRMAN. I would appreciate it if you can provide us with that so that we can see the conditions these hospitals.

[Information appears in the appendix.]

Ms. KITKA. Well, I know that the hospital in Kotzebue, which made it through the appropriation process last year—one of their major problems has to do with the arctic weather conditions and the freezing and thawing in which they had actual sewer backup into the hospital, and it was considered unsafe.

Senator MELCHER. Did I understand you correctly? There will be a new hospital at Kotzebue. Is that correct?

Ms. KITKA. If the Congress doesn't go along with the administration's rescission efforts.

Senator MELCHER. Is it under construction now?

Ms. KITKA. No; I don't believe so. I think it was just approved.

The CHAIRMAN. I gather that the BIA did not consult with you on the reorganization program.

Ms. KITKA. Well, BIA has made an effort in having a number of hearings throughout the State and meetings with Native leaders, and sending out newsletters, information bulletins, that the information that has been provided has been different. At the beginning there was a real cost savings to the reorganization, in recent correspondence they are not projecting a real cost savings at least now, but maybe in the long term. So I don't think that you can't say that they haven't consulted with Native people. Native people just haven't been happy with the discussions and the decisions to proceed without some kind of assurance that this wasn't an effort to terminate Alaska Natives. I think that the Bureau made a sincere effort to consult people and discuss with people, there just hasn't been agreement on that.

The CHAIRMAN. I gather that poor management grants may be eliminated if we go along with the budget proposal. What impact would it have in Alaska?

Ms. KITKA. Well, those small tribe core management grants were eliminated for Alaska in last year's budget. So we have been already totally eliminated out of that program. We are a little concerned about whether or not we are going to be included in this new initiative in which they are developing a new program for that. Right now we are not included, we want to know if we are going to be included.

Senator MELCHER. Ms. Kitka, when you are talking about the five Bethel schools that were put into the public school system, and therefore under State control—they are not contract schools, they are simply under State control—aren't those schools collecting impact aid, though.

Mr. PUNGOWIYI. I think that you have to understand the situation in Alaska in regards to the Bureau is that the schools that were transferred and all the schools that were in Alaska before that were under the Federal Government were from kindergarten through eighth grade. There is nothing higher than that except from Mount Edgecumbe High School, which was a boarding high school. So there is some differences in what has happened in Alaska versus what they are proposing to do in the reservations.

I guess I kinda missed part of the question. Could you restate it?

Senator MELCHER. Well, aren't those school districts for those five schools collecting impact aid?

Mr. PUNGOWIYI. Although I think the State of Alaska does get some Federal impact aid, but not directly from the Bureau. We do get moneys, but the State, as far as I know, does not get any Federal moneys for Indian schools, that I know of.

Senator MELCHER. I would assume those students are entitled to impact aid, each and every one of them, class A student. I am just inquiring because it would be unusual if they weren't. I wonder if they are not, why not?

Ms. KITKA. Senator Melcher, our position has long been that whether or not schools are under BIA operation or contract or State operation, that the Federal Government does have a responsibility in education to the Alaska Native students, and we feel very strongly that in the recent years on that, the Federal Government has been really remiss in providing that assistance in education.

One primary initiative which we felt would be extremely helpful would be some type of transition funding in dealing with village kids coming into urban areas where we are experiencing the 60-percent dropout rates.

While we may not be able to get schools back under BIA control or contract, there still is a rule for the Federal Government in assisting Alaska Native students to stay in school and raise their academic achievement.

Senator **Melcher**. Well, I am talking about impact aid. Do you know, Mr. Bordeaux, whether they——

Mr. **Bordeaux**. Yes; they do, as long as——

Senator **Melcher**. They are collecting impace aid?

Mr. **Bordeaux**. As long as those children are on federally effected land, and the local public school district or the State is unable to provide a tax base to generate dollars for education, those students should be eligible under that criteria.

Senator **Melcher**. Well, are they getting it? That's my question.

Mr. **Bordeaux**. Yes; I believe they do. I'll say yes.

Senator **Melcher**. And they are A students?

Mr. **Bordeaux**. Most of them are A students, yes.

Senator **Melcher**. Thank you.

The **Chairman**. I'd like to thank all of you for testifying this morning. I appreciate it very much.

Mr. **Bordeaux**. Thank you.

The **Chairman**. Before proceeding, I would like to advise all of the witnesses that are waiting that I will be here all day and all night, if necessary, so don't worry. You will have the opportunity to appear.

I have cancelled all of my appointments and engagements this evening.—As my colleague has indicated, it is still early in the morning here in Hawaii, so I still have a whole day ahead of me.

Before proceeding, I would like the record to show that Senator McCain wanted to be here, but he is now in the State of Arizona, and I have asked the Senator to carry on a study there while he is in Arizona on the matter of the Hopi and Navajo problem, therefore, unavoidably, he is not here. He wanted to be here, but I sent him out there.

Also, Senator Burdick and Senator DeConcini are members of the Appropriations Committee, and today the Appropriations Committee is meeting with the Director of the Congressional Budget Office. I felt that members of this committee should be present to represent the interests of the Indian Affairs Committee. I would have wanted to be there, myself, but since I could not, I asked Senator Burdick and Senator DeConcini to carry on.

Senator Daschle also wanted to be here, but, as most of you are aware, one of the major problems confronting this Nation is international trade, and he is on that subcommittee, and I felt that his presence there, considering the total picture, would be important.

So I want the record to show that none of the members of the committee are deliberately absent. They are away on special assignments.

My colleague now has to go to another meeting.

And now we have the Assistant Secretary for Indian Affairs of the Department of the Interior, the Honorable Ross Swimmer. Mr. Secretary, welcome, sir.

STATEMENT OF HON. ROSS SWIMMER, ASSISTANT SECRETARY FOR INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY FRANK A RYAN, DEPUTY FOR TRUST AND ECONOMIC DEVELOPMENT

Mr. SWIMMER. Thank you, Mr. Chairman. It is a pleasure for me to be here this morning and to have this opportunity to present some information about the new year for the Bureau of Indian Affairs and the proposed budget. I want to congratulate the chairman and thank you for the high level of interest that you have shown in this particular committee in Indian affairs. I look forward to this opportunity to work closely with the committee, and all of the committees dealing with Indian affairs to see if we can bring about a change in those conditions that were earlier stated, and certainly a better quality of life on the reservation.

I have a prepared statement that I would like to have submitted for the record, and offer a brief oral summary of that.

The CHAIRMAN. Your prepared statement will be inserted in the record immediately following your oral presentation.

Mr. SWIMMER. I also have some of my deputies and budget people with me, and depending on the depth of the question it may be necessary for me to ask one of them to join me at the table. I would appreciate that opportunity later.

The CHAIRMAN. Why don't you bring them up now.

Mr. SWIMMER. I have too many, so let me see how we do without bringing them up at first, and we will see how it goes.

The Bureau of Indian Affairs, under my leadership as the Assistant Secretary, has, in fact, stepped forth on several new initiatives—broken ground, so to speak, to see if there are some ways that we can do things differently in Indian country and perhaps hasten the day when we can improve that quality of life that is so essential to us.

Those initiatives broadly are in three or four categories. One is education when the principal initiative is to promote, enhance, work with, and develop in any way possible, tribal education programs at the reservation level, in such a way that tribes can be responsible for and take responsibility of the education program that is happening on their reservation, and we hope to provide the kind of improvements that would be good for the children through the then local controlled and increased operations efficiencies that we believe can be achieved by tribal operation.

As I have mentioned in the budget, and in meetings with tribes, as we move through this initiative over the next couple of years, we would also be looking at alternative ways of providing that education on the reservation in the event that tribes choose not to—where they have the opportunity, if they simply believe that it is not in their interest to operate an education program. This could be for several reasons. It could be economic, it could be size, it could be other resource problems of the particular tribe or other priorities. In those cases we would work in consultation with the tribes to see that an effective way of providing that education is available to the reservation.

The self-assistance program, I think has been characterized in various ways as workfare, self-assistance, and individual initiative.

Essentially what this proposal is, or the initiative for this year, would be to encourage Indian people to take some responsibility for improving their quality of life using the resources of the Bureau of Indian Affairs and the Federal Government as a way of doing that. In order words, we have a lot of people on the reservation, who are unemployed. We have a lot who are unemployable. We have people who are unable to work financially, because it is simply not in their best interest to do so.

We also have educational deficiencies. We have some people that could not be employed because they lack the necessary education to hold jobs in the labor market.

The self-assistance program would be one that addresses these various issues. Those that are receiving forms of general assistance now would be counseled with by the existing social work staff, and other, and we would work with them to develop an individual and family-type plan as to how we can help them change their conditions. But the emphasis would be on us providing the resources, them providing the answers.

Where the problem gets identified, whether it is an individual problem or a community problem, and is addressed by that individual or community with the solution coming from the individual or community, the options—such as training, education, employment, job opportunities—that would be provided for the individual, and community self-help and self-development projects, would all be encompassed under this particular initiative.

We also have recognized that for some time we do have concerns in the contract support issue, often referred to as indirect cost—that we have concerns about tribes being able to contract the programs or the functions of the Bureau of Indian Affairs and to operate them properly.

We have numerous instances where many small tribes have been unable to contract effectively, that they barely have enough money to operate tribal government, and that oftentimes the money that comes in from programs that are contracted or functions the Bureau is doing that are contracted, can be used to support tribal government. We would like to recognize this up front, so to speak, and say that there are instances we are aware of that tribes need some additional financial support simply to maintain a tribal government, a presence of a tribal government. In addition to that, then, they would certainly be eligible to contract under Public Law 93-638 but that we would provide in those cases where necessary a certain amount of money to sustain that tribal government and allow them to operate so that they are not forced into a contracting position in order to receive funds to support tribal government.

We have also addressed the issue in a previous year of attempting to assess the problem on a reservation as far as job opportunities and private sector businesses. We have contracted with three organizations, which we call business opportunity centers. These organizations have an express goal of putting jobs and job opportunities on the reservation that would come from the private sector. Not much in the way of providing advice or guidance or holding seminars or discussing the pros and cons of being a business person, but actually going into the private sector securing jobs and then placing those on the reservation, and wrapping a business around that.

We think that this will be successful. We believe that the centers that we have contracted with will meet their targets and create several hundred jobs, and that this, tied together with some of the other initiatives, begins to develop that picture we want on the reservation which can lead to the quality of life.

Internally, within the Bureau of Indian Affairs, we have a number of deficiencies. Many of those were pointed out by the previous panel. I think one individual mentioned it had been 150 years since we have been able to balance the checkbook. Well, there is some truth to that, some exaggeration. But we do feel that we have a serious problem, and have had for a long time in the trust funds accounting management and investment program. In fact, we can go back over the years and look at various inspector general reports, General Accounting Office reports, letters from tribal governments. I might add that serving as the principal chief of the Cherokee Nation for 10 years, we had several million dollars in that trust fund. We have always been concerned about the accuracy and to be certain that we are getting the right amount of interest, and that payouts are made.

We also handle 200,000 individual Indian accounts that we have to account for, we have to collect the revenues for, invest, and then distribute and, to the extent possible, distribute the accrued interest on that account, also.

This system developed over the years from a manual system, and it has remained manual in recent years—it has had some computerization to it. But for the most part the accounting and disbursement of funds has been through a manual system.

The investment program of the Bureau, although it has been reasonably successful as far as receiving a fair return on the moneys invested, has been handled in a fairly elementary way. And through the very good efforts and good work of Mr. John Vale, who has been our investment officer in Albuquerque, I think we have benefitted from that particular branch of the Bureau of Indian Affairs. The investment activity, however, of the Bureau in the past has traditionally been that we simply call twice a week to various banks, sometimes as many as 500 or 600, throughout the country and we take bids on certificates of deposit that those banks would buy from us. If those certificates are of $100,000 or less, then our money is secure—it has been in most cases—by the Federal Deposit Insurance Corporation, or FSLIC, in some cases other Federal guarantors.

The various General Accounting Office, and then later a study by Price-Waterhouse, pointed out that often you find that the Bureau of Indian Affairs money is invested in the shakiest or weakest banks and S&L's in the country. In fact there was a statement made one time that if the comptroller ever wanted to know which bank was going to fail next, look at where the BIA has its money. That, to me, is why we are achieving a reasonable rate of return, because troubled banks tend to pay more for CD's of that kind of money. It is not always the best thing to do, then, to rely on our neighbor the FDIC, or FSLIC, to pay us off. We have had a few instances where we have had trouble with that, and as the investments expanded in the credit unions there has been concern about whether the same kind of insurance applies.

We are, in fact, trustees. We are the responsible party. We simply cannot risk a tribe's money, or an individual's money. We have the ultimate fiduciary responsibility toward the individual and toward the tribe. So under no circumstances would we be able to tell a tribe that, "well, I'm sorry, FDIC didn't pay off, so you don't get your money." We would have to make it up, and we would have to come here if we had a substantial loss.

So what we—and I might add, this issue also was brought to my attention when I was the Cochairman of the President's Commission on Reservation Economies, and we held a couple of hearings about the issue with investment houses in different parts of the country, and with individual Indians and tribes, and they all told us the same story, that "we're real concerned about what is happening, and how our money is being treated."

When I came to this job over 1 year ago, that was one of the first things that I announced I wanted to deal with, and see if we couldn't reach closure on getting this particular issue resolved, and bringing us into the 20th, if not 21st century in terms of accounting for this trust fund of $1.7 billion, and 200,000-plus accounts.

So I don't think it was any surprise to anyone that we were doing this. Plus in 1985 my predecessor had out a request for information that we were working from where we had received numerous inquiries about it and suggestions on how it might be handled. We took those suggestions, and we worked through a proposal. I immediately, or soon after I came on board, I went to the Department of the Treasury, and I asked for their help in developing a draft request for proposal.

They provided that assistance. We did draft it, and we put it on the street. We took the recommendation that it should be competed, and that we should work with the six depository banks that had already been competed previously by Treasury, and been selected—of course these are six of the largest banks in the country—and through that process we competed the contract and then selected in September, I believe, the Mellon firm—the trust side of the Mellon firm—to handle this particular contract for us.

Since that time, we have been in negotiations to complete the detail work, technical specs, and the contract must be developed between us, Treasury, and Mellon, to ensure that there is no loss in the trusteeship. We are not sending these moneys out to the private sector. We retain complete control of the funds, and we believe that the investment program that has been proposed back to us by this particulary institution, as well as the others, that I might add were very similar in nature as to how they would handle this money, will result in greater returns to the tribes and to the individual Indians. It will result in an accounting system that we simply do not have, nor do we have, in my opinion, the capability of developing any time soon within the Bureau, and will result in the ability to distribute the funds back to the individuals.

A few other incidental things—it gives us tremendous liquidity that we haven't had before. It also provides greater returns because the money can actually stay on deposit longer while it is gaining interest than the present system allows.

I understand we will have questions, and I won't dwell on that, but I will say that we have gone through many, many steps in what I consider to be a consultation process. There was a presentation made by the Department of the Treasury explaining the process to the National Congress of American Indians, slides, and people were present there to discuss it. I have sent out numerous letters advising tribes that we are making this approach.

Toward the end of last fiscal year, we were contacted by this committee and asked to come forth and testify, and others testified also. At that particular time we were looking at a date of possibly December to have all of the contract documents completed. Unfortunately, we did not make that date. We do have the contracts presently in review by the respective solicitor's of the two offices. I hate to use the excuse that it is in the solicitors' office. I have heard it an awful lot on not only this, but other subjects, but it is there, and we expect to have it reported out any minute now, or any day.

Because in the last about 4 weeks, I began to get an awful lot of questions about this issue, and questions that had already been asked and answered before, it concerned me. So I personally made a commitment to go with Mellon Bank officials and Treasury Department officials to the areas and hold areawide meetings. I started this process last week or the week before. I asked for the tribes to come together and let me explain it to them, and to have the resources there to back us up. We have made two of those meetings, and I will personally attend one in Arizona, Oklahoma, and I have made presentations briefly to the USET organization, and then to many, many individual tribes.

I have been very open. I do not believe that anyone could honestly say that my office has not allowed access by Indian leadership, or that I have not made a sincere effort to be on the road to the greatest extent possible in making contact with Indian tribes and explaining not only this, but the other initiatives that we have put forth.

As we go through these meetings, I am also inviting additional area directors to each of the briefing sessions so that they can, in turn, go back to their respective areas and hold whatever followup meetings are necessary. As far as I know, we have answered every single question that has been asked regarding this particular issue. Now, I also told the tribes that if they have additional questions that they wanted to submit, I would be happy to answer those. And we will be proceeding along the proposal that was submitted by the Mellon Bank and hope that we can have for the committee and for the tribes the proposed contract once it has managed to get through the review process.

I guess what I am attempting to do here is, as we move through these initiatives and all, the education, employment assistance——

The CHAIRMAN. Mr. Secretary, if I may, I would like to interrupt as we go along.

Mr. SWIMMER. Oh, sure.

The CHAIRMAN. On the matter of the trust account, how much is in this account?

Mr. SWIMMER. Approximately $1.7 billion.

Senator INOUYE. You have described your relationship with the Indian nations, tribes, bands, and people, as a trust relationship. You are the trustee. You have also described your responsibility as a fiduciary responsibility. As a trustee, do you provide your beneficiaries with periodic reports and accounting of this vast sum of money?

Mr. SWIMMER. Presently, we do that every 6 months. We propose to do it every month on the new system.

The CHAIRMAN. And is this report furnished to all of the appropriate tribes and nations?

Mr. SWIMMER. Yes.

The CHAIRMAN. Is it a type of report that would meet the requirements of a certified public accountant?

Mr. SWIMMER. As far as I know, it is. Speaking from my experience, we, at the Cherokee Nation, when we received reports on our trust funds and had auditors come in and audit the tribe's books, they, of course, reviewed that information furnished by the Bureau on our trust funds, and to my knowledge have not questioned that.

Now, as far as internal audits of the BIA on its activities of the trust fund, those are generally carried out by the inspector general and would be done on a periodic basis. I don't know that there would be the ability to submit those for an independent review.

Price-Waterhouse did in 1984, I believe, do a study of it. There have been some imbalances. There is one currently that is in what is called the overnighter account, that has been in imbalance. In other words, money has been deposited as it comes through and as tribes receive it from judgment funds or whatever, it may stay in an overnighter account for 1 day or 2 days, and that is a pooled account. It has been in imbalance for, I believe, over 1 year. We have recently been able to balance it and reconcile it, and will be making distributions of that account.

There have been instances in other cases, $1 million was cited earlier from one of the reservations, where accounting errors have been made. That particular issue came up at my meeting in Billings, and that is my understanding, that it was corrected, and that it was an accounting error.

There are errors that are made, because these accounts, as I said, are handled by hand, now. We deal with 12,000 pieces of paper, or certificates of deposit, that we maintain custody of. So it is a very difficult and very convoluted system to try to keep in balance all of the time. But that is our responsibility, and we do.

We also are in the process of trying to balance all of the 200,000 accounts and reconcile where there appears to be any difference, and we have differences in those accounts.

The CHAIRMAN. Am I correct to assume that all of the money available is presently in certificates of deposit?

Mr. SWIMMER. Right now it is in various investments, including certificates of deposit, Treasury notes, bills, securities, and some of it is in the overnighter account.

The CHAIRMAN. What sort of securities?

Mr. SWIMMER. Treasury notes, bills, and bonds, or securities that would be guaranteed by Treasury notes, bills, and bonds.

The CHAIRMAN. In making these investments, do you as a matter of practice, consult or receive suggestions from Indian tribes and nations and bands? Or do you just do it on your own initiative?

Mr. SWIMMER. We pretty much have done it on our own initiative throughout the years. About the only request that we have received from the tribes in the past has been on a maturity, where they would prefer to have their money invested for, say, 1 year instead of 30 days or 60 days, and sometimes it would depend on whether they were making a per capita payment that they would want the principal of the money to come due at a certain period of time, so they would instruct the investment office. In some cases the tribes can instruct the investment office to give a particular bank or banks an opportunity to bid and to meet the high bid. But we, because it is a trustee relationship, that money that we have invested, we do maintain under our control. We could not, unless the tribe withdrew the money from our system, we could not, for instance, allow them to invest the money at a lower rate of interest someplace else than what we could obtain.

The CHAIRMAN. The decision to retain the services of Mellon was a major one. It involves large sums of money. Prior to making this decision, did you confer with or consult with Indian tribes, nations, and bands?

Mr. SWIMMER. Well, I did—I suppose the issue there is what constitutes an adequate consultation process.

The CHAIRMAN. Well, let's put it this way, did you just tell them that you were going to do it?

Mr. SWIMMER. Well, what I did was we started back in 1984, as I said, before my time, with the request for information, which was a published request in major papers and certainly was available for all to read, and we received a lot of comments. Some hearings, as I said, were held by myself during the Presidential Commission's days back in 1984 and 1985. In 1985 we sent a letter to all tribal leaders explaining the request for information that was going out, what the objective was, what we were trying to accomplish, and would try to accomplish.

In December 1985 I made the decision then, because nothing had been done by my predecessors up to that time, to meet with Treasury and see if they would assist in drafting a request for proposal that would go out. Now, I made that decision based on the available information to me that the internal system of the Bureau of Indian Affairs was not adequate in handling this particular money. I did not go to tribes and ask for a solution to that particular problem.

At that time I regarded it as an internal accounting and investment problem that I had to deal with, and that based on previous information was serious enough that it needed to be dealt with quite rapidly. So in December 1985 I sought the assistance from the Department of Treasury. In January 1986 we developed the request for proposal. In April we sent a letter to all tribal leaders explaining that we were planning to contract, and if they wanted information or needed to know more about it, please contact us.

In the end of April, Treasury issued a request for proposal solicitation, a public solicitation which went out to their six lockbox banks, these are the banks that had previously competed.

On April 29, 1986, the Federal Register release was provided, and it was a notice of a policy decision to contract for services. We then made presentations internally to all of our area directors following—that was later in April. In May, again, a letter to the tribal leaders explaining the Treasury solicitation, the RFP, and followed that up in June with a presentation to NCAI in Albuquerque. In July the bids were received. In September we had an oversight hearing with this committee and in October we announced that Mellon Bank was going to be selected as a proposed contractor.

The CHAIRMAN. How many bids were received?

Mr. SWIMMER. I believe all six of the banks answered the solicitation. I did not look at those personally. Those were evaluated between our contract officers and Treasury, but I believe to the best of my knowledge it was all six that answered the solicitation.

The CHAIRMAN. And how was the decision made? On what basis?

Mr. SWIMMER. The decision was made based on the price for delivering the system that we wanted, based on the investment history of the particular firm, capability of the firm to do the business, reputation.

The CHAIRMAN. Is Mellon restricted to investing in certificates of deposits and Treasury notes?

Mr. SWIMMER. The proposed investment of the Mellon Trust Department would be three pooled funds made up of Treasury notes, bills, and bonds. The investment policy would also allow them to invest in certificates of deposit. These, of course, would not be with their bank. They could not make any investments within their bank. So they would be acquiring primarily Treasury bills because that, by law, is what we are restricted to. We either have to have Treasury securities as the investment vehicle, or a CD or other instrument guaranteed by the Treasury note, bill, or bond.

So the proposal is that for tribe's money there would be two funds, one would be an intermediate fund that would have maturities of up to 10 years, the other would be a long-term fund that could have maturities up to 30 years.

What we are doing is acquiring the investment advice of Mellon in putting together this pool of securities that would generate the highest possible rate of interest given the limited ability to invest in these particular kinds of securities.

What they do, then, is they use their professional advice in their trust department, which I would add is the third largest in the country and has $120 billion of assets in it, that they would use their advice that they are giving to other people to give to us to put together the pool of this money that would generate the highest rate of interest. So, because the market is relatively flat right now, where the intermediate pool is expected to have an average maturity rate of somewhere around 2 to 3 years, the long term about 7 to 8 years.

The other point, though, is that by having this tribal money invested in the pool it provides liquidity to the tribes. Today if a tribe chooses to invest its CD's for, say, 6 months, then technically it has to wait 6 months until that money comes due before it can be taken out of the bank. Under the proposal that Mellon has made to us, they would have instant liquidity. If they needed to have their money, even if it were in the intermediate pool, they could be available to them on a day's notice. Where they are doing it through a computer that handles their $120 billion, we are doing it manually. What we have to do is, if the tribe has a 6-month CD and they wanted out, we have to find another tribe's CD that matures today to give them that money, and then put the other tribe into this other CD for the rest of the 6 months, and it is a very, very difficult system to operate manually that way.

The CHAIRMAN. The basic nature of the portfolio of the Mellon plan, and the BIA, will not differ greatly. It is made of certificates of deposits, Treasury notes——

Mr. SWIMMER. Same portfolio. That is what is allowed by law. We still retain our——

The CHAIRMAN. There is no difference. What is the cost of the service?

Mr. SWIMMER. We anticipate an average annual cost of around $4 million, and this will be incremental. This year we have very little in the budget because of the startup. Next year we attribute about $1.7 million to it, and into the 3d year we hope we would be at full program with all 200,000 accounts being handled by Mellon.

The CHAIRMAN. If you had that $4 million a year, couldn't you convert your manual, as you describe it, to a computerized system.

Mr. SWIMMER. Practically speaking, no. If you were to say in theory, sure, we could acquire the software and the hardware and everything that is necessary to duplicate a bank's trust accounting system. But to do it, practically and realistically, the answer would be no. And it would be if we did, we couldn't do it for $4 million, the initial startup would be considerably more than that just in investment in hardware and software, and then the necessary training that would have to go on, and I have had experiences with computers in the Federal Government in trying to get those things put in and brought up and all, and it is a very difficult and long process.

This is an area that lends itself extremely well to the private sector to do this kind of internal accounting for us. It is one of those functions that would take considerable time, effort, and money for us to try to bring up, and no guarantee of doing it, when we have, already, systems in place with practically every major bank in the country, certainly with these six large trust departments—and keep in mind we are not dealing with the bank, we are dealing with the trust department—that already have a system that is just tailor made for what we are trying to do as trustee. And we would be trying to duplicate that technology, bring it into the Bureau, and run it with nonfinancial people. So it is very difficult to do that.

The CHAIRMAN. How do you propose to transfer this fiduciary responsibility, or part of that, to Mellon?

Mr. SWIMMER. Only the processing third.

The CHAIRMAN. What will happen to those who were involved in your Bureau? They won't be doing this now. The ones who did this manual work?

Mr. SWIMMER. Well, a lot of the work that we need to be doing is not being done, even manually. That's part of our problem is that we have not been able to accomplish the goal that we want even with the manual system. The only area where we would experience any percentage job loss would be in the investment area in Albuquerque, and we will not have to maintain as many people on the telephones out there calling for bids as we have in the past. I believe that to my recollection it is about 10, and we could probably reduce that to around 2.

As far as agency work, and individual Indian money clerks and folks like that, most of those we anticipate staying to perform the function that will still be left at the agency where the individual Indian will still go into the agency, look at his account balance, handle any questions that he has on his account. Everything will still be done right there and the agency will have a direct interface with the bank account.

So, we will still need to have people that are operational out there working in the system. If, and we do anticipate that we will need fewer people to do that because there won't be as much handling of the checks and things, attritionally over the next 2 or 3 years that can be handled. We don't anticipate any major layoffs or reduction in force as a result of this, but it could be handled attritionally.

The CHAIRMAN. You began your briefing or orientation program a week ago?

Mr. SWIMMER. Well, I have done what I am doing now over the past year, and I have made presentations both individually to tribes. I have held press conferences, I have talked on the road to tribes, in my office to tribes about this program, as I said, culminating with testimony before this committee. I was not aware that tribes had the questions that they did, because most of the questions we have answered at one time or another. It has only been in about the last 30 days that we believe that suddenly there was a renewed interest for some reason in this particular issue. That is why, as soon as I began getting correspondence in from tribes and receiving some very strange questions about it, that I made the decision that I should personally go on the road and make sure that every single question is answered, because I don't want tribes to have questions. I want them to know exactly what we are doing and why we are doing it.

I suspect that some of the questions are actually arising because as we move into a system that will get the job done, we are having to admit that we haven't done as well as we should have in the past, and even as I have heard here and at some of the hearings I have been at, tribes said, "Well, gee, what happened to our money? Are you telling me that we didn't get all of our interest several years ago? Or are you telling me that you are not able to process all of these things? What are you going to do about those problems." And so, what we are hearing is that you can't very well make the case go forward with something like this without acknowledging that you have got some problems.

Mr. MELCHER. Thank you, Mr. Chairman.

I guess I'm not surprised, Mr. Secretary, at the tribes' reaction, because in this fiduciary responsibility it is easily understood that it almost like to sign off tribe by tribe before its done—their money.

Might I say that the tribal chairman's office and the tribal council's office is continually receiving information, and its paper shuffled around, and when it isn't—when they don't think it is imminent, probably not much attention is paid to it. I think you have a big job ahead of you in explaining to tribes just how their money would be handled.

Now, I have a question, myself. Funds generated for members of the tribe and for the tribe itself on minerals handled through the Department of Interior and Minerals Management Services, MMS: How is that going to be handled in the future? Is it going to be—is MMS going to draft a check payable to, say, an individual, and that is the end of it, and another check that is through the tribe, and send both checks out, one to the individual and one to the tribe? How will that be handled?

Mr. SWIMMER. We will not change, for this purpose anyway, the way in which MMS responds to us. Presently, my understanding is that they distribute the money that is owed to Indians and tribes on a lease basis. We identify, then, which agency has that particular lease responsibility——

Senator MELCHER. All right. Well let's say it is a royalty payment.

Mr. SWIMMER. That's right.

Senator MELCHER. All right.

Mr. SWIMMER. The royalty payment on a particular lease would then in bulk—let's say there are 100 owners on that particular lease and they get a royalty check, a check for all 100 would go to the agency, and at that point it would be, then, divided up to the proper individual and sent to a bank for deposit, and it would wind up in the overnighter or in the pooled account of what we call IIM moneys for investment, and then a check would be issued back to the agency or to the area when it was time to make a payout to the individual Indian.

The only difference is that the check, when distribution is made to the individual account at the agency, that would be made directly to the bank account so that immediate interest would be gained on it and their check wouldn't be floating around in the mail.

Senator MELCHER. All right. I want to see if I understand this. When MMS, through their computer says this money is due to these individuals, and this money is due to the tribe on this royalty, that would go through the BIA and then——

Mr. SWIMMER. Then to the bank.

Senator MELCHER. And then to the deposit. OK.

Mr. SWIMMER. That's the way it is done now, except it might go to many different banks, it would go to the one collecting bank.

Senator MELCHER. One collecting bank.

Now, the function in Albuquerque was just the distribution—no the function in Albuquerque was only on where to invest the money. Is that right? And is that function, then stopped? I understood it was.

Mr. SWIMMER. No.

Senator MELCHER. It is ongoing?

Mr. SWIMMER. Yes.

Senator MELCHER. And will be ongoing?

Mr. SWIMMER. And they will continue to be in charge of the branch of investments and oversee the investments that are made and approve the investments that are made in the Mellon system.

Senator **Melcher**. I will ask one further question, and that is all, just to verify if my understanding is correct. My understanding is that nothing is happening with the Mellon contract now, and will not happen until after you are satisfied that the tribes are in support of it?

Mr. **Swimmer**. Well, I don't know that I can ever satisfy myself that the tribes will be in support of it. I can satisfy myself that we will answer every questions that the tribes pose with an explanation, but I have some that——

Senator **Melcher**. Are you going to hold this action in abeyance until you have had this discussion.

Mr. **Swimmer**. Yes; we are doing that. I did send out some erroneous information earlier that a contract had been signed. That lead to a lot of confusion. What it should have read was that a contractor had been selected, and we are in the process of negotiating the contract. All we had was a RFP that said what we wanted them to do, and they responded, and we selected them. Then there are a lot of the nuts and bolts to put together to make the thing work, along with, of course, the attorneys' approvals.

The **Chairman**. If I may follow the questioning of Senator Melcher, you have selected Mellon on the basis of standards and conditions which were developed and established by you and Treasury?

Mr. **Swimmer**. Yes.

The **Chairman**. So, Mellon has been selected?

Mr. **Swimmer**. Yes.

The **Chairman**. You are now in the process of agreeing upon the specific conditions of this contract?

Mr. **Swimmer**. Yes.

The **Chairman**. Before this contract is signed and executed and put into operation, will the Indian bands, tribes, and nations be provided with a copy of this contract to study before you sign the dotted line?

I ask this because I think it is usually the practice of a trustee to provide the beneficiaries with a contract of this nature before the final step is taken.

Mr. **Swimmer**. I would expect to do that. I certainly have no problem with it. I would also furnish all of the tribes with the investment guidelines, the memorandums of understanding, the proposed contract. All I would suggest is that we would need a time of some kind. I wouldn't want to hold it indefinitely. The RFP and the response are public now, and that is what makes up this contract.

I will assure the committee that I will answer the questions that come in about it and hold the regional area meetings.

The **Chairman**. I think the Indian tribes are probably very grateful that you are willing to answer the questions, but if I were a member of one of the Indian nations, I would find it very difficult to ask questions if I didn't have the contract before me. I would want a document before me to base my questions on. So will you provide the Indian nations, tribes, and bands with the documents, the contract, the memos, so that they can ask intelligent questions of you?

Mr. **Swimmer**. Sure, I would be happy to.

The **Chairman**. Thank you very much, sir. Will you proceed?

Mr. SWIMMER. As I was saying earlier, the various initiatives are an awful lot for us to be involved in at one time, and as a result create varying controversy out in Indian country.

But I think that it is the only way that is realistic to approach the problems that we face in Indian country. An approach that says, "let's solve an education problem this year, we will worry about alcoholism next year," or, "let's solve the employment problem now and we will worry about competency of tribal government some other time," or, "let's not be concerned about the general assistance, the welfare programs, that sometimes put people in economic situations where they really cannot afford to work, let's go ahead and address the employment problem."

What I am trying to do is provide a couple of things. One is, get tribes involved in the problem solving. The Bureau of Indian Affairs, for many, many years, has been the problem solver and often looked at as the problem in Indian country. I think it will continue being that way until tribes are able to sort of get in the driver's seat.

To do this, though, there must be a sense of governance on the reservations. It is not enough for a tribal organization to be a pass-through for Federal money. They are growing more and more every day with the ability of tax. Decisions of the Supreme Court have given tribes opportunities to increase revenues, to act in more governing ways, than at almost any time in the past.

Part of this responsibility, though, is attached to the education programs. If I deliver an education program from Washington that I think is appropriate, it very well may not be appropriate for a particular reservation or Indian area. I think that is why local control, local public school districts, local school boards, and local operations have proven effective. You heard the testimony in Alaska. I think, if anything, that simply cements the idea that local operations of schools do work.

But at the same time, if we only address education, and if tribes are not involved in job development, job creation, and finding employment opportunities on the reservation for people that are now on some kind of assistance, that it won't solve all of the problems. We have information, statistically, that appears that even a child going into a school, public, private, or tribal, is often going to be at risk simply because of their early childhood, because of their first and second year of life the attitudes of the parents in that particular household in a dependent sense of being that there is no ability to make decisions or way in which they can really change their lifestyle. So a child starting out that way carries with him those traits into school.

Of course there are ways that can be addressed in education, but one of the most important is that we have to learn to teach to the children instead of teach the way we might have been taught in a teacher's college someplace.

So these kinds of nuances, though, are the kinds of things that can be done at a reservation, where a school can be modeled to fit the particular needs of that clientele that is in that area.

Alcohol and drug abuse are not going to be solved through Federal programs. There are resources, and there are ways that certainly we can maybe get a step ahead of what we are doing now and provide some treatment centers and some real outreach to people, but counseling and having a system that supports the overhead of alcohol and drug abuse, doesn't solve the problem. What we are going to have to do is work very closely on the reservation with people helping people. With people getting involved in groups like AA.

The one that I cite as our point of reference, and that we are presently promoting in Indian country is something that should be looked at as the Alkahai Lake Tribe in Canada, that managed to reach sobriety after a period of 15 years. They didn't do it with a lot of funding. They did it because they decided to stop drinking.

It is hard to do that, though, if you don't change or provide a change in some of the other conditions that we have talked about. One of those being the employment opportunities, the welfare assistance, and helping people to achieve a different way of looking at their lives on the reservation.

When I hear tribes tell me that there are no jobs on the reservation, it bothers me. I ask, and one of the issues that came up earlier was forestry—I have asked our foresters, I have said, "Are there not opportunities for people to work in the forestry? Do you have all of the people that you need to do forest management, to do the kind of work that needs to be done out there?" And, of course, the answer is, "No, we can always use more people."

I ask the people in mineral development, "Do we have enough people out monitoring the wells, checking the meters, doing the things that need to be done to ensure that full payment is received," and, of course, the answer is, "No."

Oftentimes the answer is, "We are waiting for the Bureau to pay for it." We can go through range management. We can look at tribal offices, we can look at the law enforcement, from dispatching to policeman.

We are short of all of those people, and yet on the other hand we have 60,000 people who are on some kind of assistance that are not providing anything for themselves, or for their community, and that I believe want to and will if given the opportunity to. In many cases where tribes believe that they don't have jobs and can't afford to pay or can't do anything until the Federal Government provides the assistance, that they would find that by doing the job they actually could make it a paying job because the product that is achieved by the individual is worth something.

We are identifying now, and will be as part of our self-assistance program, the different kinds of job opportunities that we know about, just in the trust section and in some of the service programs that we provide where tribes have continually said they are short of help in doing these things.

Those are areas where we would ask people that are on general assistance to assist us and to assist themselves by doing something with their lives on a daily basis by making a contribution not only there, but to the community.

We believe that a lot of this work has to be done at the community level, as well as at the tribal level, and obviously for transportation purposes and other, it must be done locally.

It is not simple to do. It is a complex program, and it takes an awful lot of training and an awful lot of hand holding to make something like this work. I believe in it because I have done it, I have seen it work, and I have seen it replicated over and over and over.

In the area of tribal government, as I said earlier, we must work to develop strong tribal governments. They are the ones that have to take control and charge of what is going to happen in terms of quality of life on a particular reservation. So we believe that our initiatives here, both in the ability of providing the contract support, the assistance to small tribes in helping the tribes continue to develop accounting systems and financial systems, will be very valuable to them in that as they assume more responsibility and assume contracting more of the functions of the Bureau and start running these things on the reservation instead of having us do it—where we provide the resources and they provide the action, that we will begin to see a change.

The budget is not changed much from last year. It is true that it did not come from OMB, it did come from the Bureau of Indian Affairs. In fact, I asked for essentially the same budget we had to keep it level because I believe that without having the money available to us that we could not make some of the changes that we are proposing.

However, as has been testified to by the panel earlier, without this change, what I have seen over the past 14 years of my involvement is the continuous decline, or apparent decline, in many areas, socioeconomic conditions, while there has been a continuous increase in the budget. The conclusion I draw from it is that while it may or may not be enough money, we obviously are not doing something right with the money we have. That is why I have proposed the initiatives that I have, and I plan to spend 1987 working closely with tribes to put together tribal committees, to consult with them, to help me in developing the final product for what will be the education program, the self-assistance program, business development, and everything else.

I think that working together over the next year we can achieve a great deal toward putting down a foundation for future growth and development on the reservation.

I might add too, though, that in my experience over the past year it is not all gloom and doom on the reservations. I have visited some tribes in recent times, from Florida to Wisconsin to Washington, in the Southwest, and I would say that there is a sense of awakening—that tribal government and tribal leadership has grown and continues to grow and mature and improve. I think the relationship with the Bureau, while it might be strained, at times, that is it not unhealthy to have that kind of relationship, and that the tribes need to break away. While we have a trustee relationship, we have the self-determining relationship, and it is very difficult to be a trustee who directs, manages, and controls whatever goes on in the reservation, and then ask the tribe to be self-determining and let them direct, manage, and control. One of us has to get out of the way.

There has been no reduction as far as programmatic efforts are concerned, and funding. There is none intended. There is no hidden agenda in the education program, as was testified to earlier. In fact, contract schools receive as much—and from the Federal Government more—than what BIA provides them. So we fully anticipate the need for continued funding of these programs, but we also believe that we need to have them in a different way, and we need to look at doing it a different way.

[Prepared statement of Mr. Swimmer appears in the appendix.]

The CHAIRMAN. Is it your belief that this special trusteeship relationship that the Government of the United States has with Indian people is of a permanent nature, or one that will be terminated at some future date?

Mr. SWIMMER. I anticipate that it will be permanent, and I would not see such a change, at least in my lifetime. I think that there will always be some form of trusteeship. I hope that it will evolve into a system where, instead of managing and controlling as a trustee, that it is more of a protectorate. I would say that there could be a time when some tribes would move more into that arena also. But I don't really anticipate, I can't imagine, where the Federal Government would relieve itself from trustee from all tribes at any one time.

There is a value to that unique relationship, and it is the value without replacing—if we don't have the trusteeship, there still has to be some congressional action that allows tribal government to be maintained as a government within the range of governments of this country. That is the real—as I believe it, anyway—the real concern that termination affects that special relationship, and leaves the tribe really with no ability of self-governing. Right now it is self-governing piggybacked on to the Constitution, and I don't think that there is any reason to remove that, and as we move from a trustee, in the truest sense, to one of self-determining, that we can make that transition without violating the principal of government relationship and of a trustee relationship.

The CHAIRMAN. How do you view this relationship? One of sovereign government with another sovereign government?

Mr. SWIMMER. I view it as a government within a government. That the tribal governments have their sovereignty granted to them by the Constitution of the United States, and that they are subject to, of course, the Constitution of the United States.

If the Constitution of the United States were done away with, or the country somehow or other no longer existed as we know it, perhaps, then the overriding sovereignty—in other words there is an interruption, perhaps, of the sovereignty from a time immemorial the tribes had to the point of a relationship within the greater government and the Constitution, and that sovereignty could exist in futuro. But at the present time and for the time in which we are operating through our Constitution, it would be subject to, of course, the Constitution of the United States. So it is not as though we would be dealing with a Third World or a foreign nation, but as Justice Marshall said, more of a dependent domestic nation, one within the greater nation. But at a sovereignty level between the States and the Federal Government.

The CHAIRMAN. So you equate the relationship to the relationship that the Federal Government has with the State government?

Mr. SWIMMER. No; not really. The States, I think, have a greater sovereignty, since the Federal Government was created from them. But I think that by virtue of the treatymaking power vested in the

Federal Government and the subsequent adoption of the Constitution, that Indian tribal governments achieved a status that made them quasi-sovereign. But except in those instances where specifically issues have been delegated to the State, the tribe would remain sovereign to the State. It would be superior to the State, but that the Federal Government, Congress, does have the ability to limit that sovereignty and to confer on States the sovereignty that the tribes have previously exercised.

The CHAIRMAN. Mr. Secretary, I have about 20 pages of questions, but I won't ask you all of them. I will be submitting most of my questions, and I would hope that you will be able to respond to them.

I just have a few that I would like to discuss with you at this time. One of the major areas of concern, as suggested by the panel that preceded you, was in the area of education.

On page 36 of your budget justification, you have indicated that 54 percent of the students in BIA schools are in residential schools, or boarding schools because they live in very remote areas, or "because of special social or economic factors such as poverty, family difficulties, or problems encountered in other school systems." I would presume that other school systems are for the most part public schools.

Now, given the special needs of this rather large number—54 percent is a large number—of Indian children now served in BIA boarding schools, do you really believe that State school systems would be eager, or even willing, to operate these schools? Are they equipped to do so?

Mr. SWIMMER. I think that they could be, and that they would assume that responsibility given the money to do it. Every reservation has a public school district on it, and it might very well require additional facilities to be built by public school districts, but I think it could be done. I am not advocating that.

The CHAIRMAN. Do you think the States would give these schools the same high priority that it would give to other areas in the State?

Mr. SWIMMER. Well, under the proposition that we had described, yes, because we would be controlling the quality of the education, and controlling the money that goes into the State to do it.

The CHAIRMAN. In line with this question, on page 39, if you will look at page 39, you have outlined several success stories. In fact there are 25 success stories, I have counted them, in BIA and contract schools. In fact, 8 of the schools cited are tribal contract schools, and 15 of those mentioned are schools operated by the Bureau of Indian Affairs. In other words, of the 25 success stories, 23 are either tribal contract schools or BIA schools.

Now, how do these success stories square with the notion you have put forth that BIA is institutionally incapable of providing quality education, and that BIA schools are alarmingly substandard. If they were, how come all of these success stories that you have cited in your justification are in BIA and contract schools? They are either good or bad.

Mr. SWIMMER. There are success stories, and we are very proud of them. In the past I have said that many of the success stories happen in spite of us.

We have a system that is difficult to manage, we have one that is fraught with bureaucracy, that is generally run from the top down, and I receive almost daily communications from the field telling me that they have some real serious problems in getting certain things done.

At the same time, we know where some of those things can be corrected. We know that under title XI of Public Law 95-561, we have to get regulations and standards published. I also have been pushing the bureaucracy as hard as I can to get those kinds of things done. As simple as that should be, it is a very difficult situation to do when you are operating through the federal system as we do.

I do not believe that because we have a few success stories that there is a reason why tribes could not replicate those successes and even add more to them. It is important that, if we are talking about tribes, tribal governments, that they get into the business of educating their young people on the reservation. This is what the initiative is all about.

I believe that we can transfer these schools, or any other schools, to tribal control, where we are still providing the regulations, we still operate under the law, and we still provide the funding. But we are enabling the tribes to do more. We are asking the tribes to do more as far as the operational side of the school system. It won't eliminate our bureaucracy entirely, but it does put the focus of the school issues locally, it puts it at the tribe level. Even where we see we have a number of contract schools now, many of those are operated, really, without the tribe. They are not directly connected with tribal government. I believe strongly that tribal government needs to be involved. They are the representatives, they are the elected people on the reservation, and they are the ones that the school board, that the principals, teachers, or parents can go to when they don't believe that things are going well at the school.

When we operate the system as we are doing it, there is very little input as far as making change. Of course, the local school boards that we have been able to establish have been very helpful, and encourage parental involvement. But even there, I find that when decisions need to be made, or changes made in the system, that they have to refer that, then, into our bureaucracy, and we have to try to make those adjustments.

So my position is that, yes, we have some very good teachers and we have some good administrators and we have some good schools. But I think that there is tremendous room for improvement. On the average our children are not progressing, often times in public school, any more than they are in BIA schools, and that while 90 percent of the kids are in public school now, the issue is not just our 10 percent, but it is the whole group of students that are out there on the reservation. When we have a tribe that is not involved in its education program, and we have BIA contract and public over here that are providing—and private—that provide various forms of education on that reservation, and the tribe is out here not involved in it, I think that that is a mistake. I think that whatever we can do to encourage that tribe and work with them to provide technical assistance to work on school board rules and regulations—tribal school boards—and help them get involved. I don't think that we will sacrifice the quality schools that we have, and I think that in the long run it will be better.

Some of the things that we have seen in Alaska parallel this, even though there it was turned over to the public school system. The very things that were hoped to be achieved were the kinds of things that were achieved, where you had Indian school boards, you had parental involvement, you had local control. While it was certainly more dramatic than what I would propose, it has been successful to that extent. I think that, again, the more that we can involve tribes in what goes on in that reservation and encourage them to take part in it, the better the systems will be.

The CHAIRMAN. Speaking of involving these organizations more—were the tribes Indian education organizations or tribal school boards consulted prior to the promulgation of this proposed initiative?

Mr. SWIMMER. Not in any particular detail.

The CHAIRMAN. Why not?

Mr. SWIMMER. Well——

The CHAIRMAN. Don't you consider that to be a rather important and drastic change?

Mr. SWIMMER. The proposition has been on the books now for 12 years—Public Law 93-638 contracting. What my initiative is is really to encourage the continuation of that, and to do whatever we can to help affect it, and to bring tribes into a contracting position at the same time that we are trying to improve what we are doing in education, generally, getting regs through and all that.

The option that I had put out had not been discussed with tribes. One of the reasons why was simply a practical reason. As I work through my first year with the Bureau of Indian Affairs, and made trips to the reservation, reviewed what was going on—it seemed apparent to me that we needed to do something. By the time that I made this proposal it was just almost immediately before the budget got put together, and it got into the budget system. At that time it tends to get locked up until it is announced.

What I have told tribes, and we have—I have met several times with the school board association and with other tribal groups—and what I have told them, that is—and I have also met with State departments of education and talked with Indian education people out there. I am looking for this time, from now until certainly the end of the year, to see what we can do. What kind of programs can we put together? What is the most effective way of accomplishing a policy objective of getting tribes involved in education. It will be during this time that we will put together those kinds of ideas. It could be cooperative schools, it could be that they are sort of joint ventures, it could be tribal contracting, it might be—there are cases where the tribe might very well want to encourage a State school system to come in where, say, a reservation could have a public school district drawn that is contemporaneous with the reservation boundary to help ensure local Indian control.

I guess my reason for promoting the initiative through the budget process at this time was that I just felt that we needed to get it on the table, we needed to talk about it, we need to take it to Indian country, and we need to sit down and evaluate where we are going in Indian education. That is what I hear so much now, is that, "Well, gee, if we just keep doing the same thing that we are doing everything will be OK." I just don't believe it. And I think it is time for a change that we need to work together in that change, and I am perfectly willing to do it. I am ready, and I have told the school board associations that I welcome them to come together with our staff. I am going out. I have called numerous Indian educators to talk about it, and see what we can begin putting together for the next couple of years. How do we recognize that we are not going to just turn over a contract tomorrow to a tribe that is not capable of running a school?

And it will take a lot of education and technical assistance in some cases to bring tribes up to that point. As I said, we will also have to identify those that don't want to, and then work with them to see what options they are willing to consider, and what we can do to put it together.

The CHAIRMAN. I just want to make certain as to what I am hearing. Are you telling this committee now that you decided to submit this initiative in the budget proposal so that it would generate discussion among Indian organizations, educational organizations, school boards, and that the Bureau is now ready and willing to sit down with interested parties to discuss where we go from here?

Mr. SWIMMER. We started the process some time a year ago, and have been working on various parts of an education plan. In order to have the greatest flexibility—to provide the greatest flexibility for the fiscal year 1988—I did use the budget process to provide for funds that could be used in the event that we do go to a public or private school system. I am not saying that that is the goal, but it was appropriate, in order to get the authority to do it, to use the budget. That was the quickest thing I had to make some money available to affect that part of it, if it comes to that.

But the rest of it is an ongoing implementation thing. It is a situation where we will sit down with each tribe, or groups or tribes, and continue to discuss. I have done this in several cases already, and I have had numerous offers now of tribes and people to put together their ideas and submit them on how they would like to see their education system on their reservation proceed. So that's what this year, and I have mentioned that several times, that 1987 would be a planning year to determine what would be the most effective way of raising the level of education, both in public and BIA schools on the reservation—how can we change the system that we are operating under?—and ask for budget authority to have the money to do it if there were different ways than the same way we have been doing it to do that.

The CHAIRMAN. I have just two questions I would like to ask. On your timber sales fees, from 1972 until this moment, has the whole sum been returned to the tribes, and for the most part have they been used for reforestation or forest development programs? Your proposal calls for the return of these fees into your fund. What are they going to be used for, these dollars?

Mr. SWIMMER. Forestry management.

The CHAIRMAN. Just to pay for the administration costs?

Mr. SWIMMER. Yes.

The CHAIRMAN. Nothing for reforestation?

Mr. SWIMMER. Yes; it is in the total—well, not directly for reforestation. I think that would be part of the backlog moneys, the $5 million that we have.

The CHAIRMAN. Well, you are also taking out $3.15 million to make up this backlog, and if you take that out, you are not going to meet the goal of 1991.

Mr. SWIMMER. Well, that's true, we can't. But I think——

The CHAIRMAN. Well, what happens to the goal that we have agreed upon?

Mr. SWIMMER. I am not sure that the increase would meet that goal either. What I have asked in forestry is—and I made this request when I was in Portland—that we will meet with forestry tribes before any other initiatives are taken on forestry, and sit down and talk about the budget and what they are doing with it, and see if we can't get involved in some analysis. It can't be defined as a backlog problem or timber sales administration issue. The problem is strictly budget, and we are trying to maintain the budget at where it has been before.

What we have, now, is an investment by the BIA in the forestry program of $33 million and $5 million, then, contributed from the tribes, and this generates $53 million in income. The tribes retain 100 percent of that.

What we are suggesting in the budget is that we can cover the timber sales administration. We would need an increase in the fee to do it, and that we would acknowledge—we are acknowledging up front—that there would be less money going back to the tribe. But there are a lot of concerns beyond just this, it is how we are managing the forest. I will complement our foresters, I think we have an excellent group of foresters out there. But I also think there has to be a realization as to what we are doing with our money, how we are spending it, and perhaps get the tribes more involved in how we are doing that and get a better understanding of the profitability of it, the marketability—whether we are spending our money effectively, whether if we change or maybe even finance an increase in the forestry budget that it wouldn't be all that bad if they were able to generate more timber sales.

But what we had proposed is simply a reduction in the budget, and would be asking the tribes to make up more of it from their timber sales, from the fees or the income from the timber. So there would be, instead of the $53 million going back to the tribe, it would be something less than that.

The CHAIRMAN. Mr. Secretary, during my recent visit to the Pacific Northwest I spent a day in the port city of Tacoma meeting with the members of the port commission, with non-Indian citizens who are affected by the negotiations that are now apparently floundering, and with the leaders of the tribe, the Puyallup Tribe. I couldn't help but conclude that the issues involved are complex, the moneys involved are in the hundreds of millions, property rights, property values—obviously it would involve the necessity of retaining the services of competent attorneys, investigators, researchers, et cetera. Looking over the finances of the tribe, it is easy to conclude that they do not, at present, have the necessary wherewithal to hire these lawyers. The Bureau, I gather, has provided the tribe with $70,000. I am not a practicing attorney, at this time, but many, many years ago I did practice. I know a little about what it costs to retain the services of a halfway decent law firm at the present time, and you are not going to be able to do that on something of this magnitude with $70,000. Is it possible for the Bureau to provide a much more adequate assistance and support for this tribe?

Mr. SWIMMER. Well, I think it would be possible, and we have looked at it and we continue to evaluate it. At the last time that we did, we believed that the $70,000 would be sufficient for what they were going to do from that point forward. The problem is nothing new, however. There has been an awful lot of resources committed in the past, in fact to the point where a settlement was put on the table. At that time, the settlement was rejected, and the tribe wishes to begin negotiations again. An awful lot of information, though, is still available. We are not willing to go out and start over all of the information collection process.

The CHAIRMAN. I think that they are at a stage at this moment, that with just a little more assistance, they can get an agreement. Second, I wanted to know why they rejected this by such large numbers, and I gather that the tribe was presented with the agreement, which is a complex agreement, and they were given less than 2 weeks to make up their minds—something that would take any competent law firm at least 1 month to explain to any client. If I were a member of that tribe I, too, would have stood up and rejected that, because it had the appearance of shoving it down my throat, whether it was intended or not, it was shoving it down their throats. So, whether we like it or not, I think we will have to go through with this process. I would hope that the Bureau can provide the necessary assistance that will bring about the resolution to this. I firmly believe that they are at a stage right now that a resolution can be had expeditiously. My concern is that if a resolution is not made within the next 30 days, all bets are off.

Mr. SWIMMER. Dr. Ryan, Deputy for Trust and Economic Development, was the one who negotiated with the tribe for the latest $77,000, and might give you a little bit of background on the issue, if you would like.

Dr. RYAN. We are as desirous of their reaching a settlement, I think, as anyone. When Assistant Secretary Swimmer and I were at the President's Commission, we had the opportunity to become aware of the negotiation situation out at Puyallup, and we learned that there is a great deal of pride there by the then tribal government, and its information and outreach efforts.

Subsequent to coming into the Interior Department we met with the new tribal government, which was telling us about the need for certain funds, because it really had to go out and reach everybody, and it wanted to be proud of its outreach and information efforts. I asked a question about why is it that the previous grant that the Bureau gave was touted as an excellent way of conducting this outreach, and then you have an agreement you are supposed to reach out to all of your people—and we are not talking about thousands of people, we are talking about what amounts to a very small reservation population located in one particular area—why is it then that they could consult then, and now they have to consult again.

So there is an issue--a question arose in the application about just exactly what is it that they were going to do that was going to be better to get this message across, as opposed to repeating it.

The other issue was that the negotiation process out there broke down. As tribe came up with a strategy saying that it wanted it conducted on a phased approach. How many of these phases? Their strategy was: We knock off the opponents one by one, and then when we get it all done then we take it to the entire body of the tribe and ask them to ratify them.

In addition to that strategy, which didn't seem to have an end to it, and they couldn't tell us when that end was likely to occur, they also included things in the application which had not been the subject of previous negotiations in dealing with instream flows, and certain things related to fisheries. We felt that the fisheries staff at the area office in Portland was well able to assist on this effort.

So, finally, the way it came out was that it appeared that for the cost that they really needed to continue this was not in the $200,000-$300,000 range, but substantially less, and they were encouraged that they might want to consider talking to the other parties that were desirous of a solution, about capitalizing some of the costs into that negotiated settlement.

In addition to that, I received, which you don't know about, a request on a loan the other day where they want to make a modification on the loan in which future income from the negotiated settlement is being used as security on a hotel or motel that was done a couple of years ago, and they want to change the date and the condition. It appeared to me that the reason why they wanted to do that was that if they didn't reach a settlement by 1988 they wanted to have the amount of that debt written off. I just don't have the feeling—I did not have the feeling, and I question the seriousness with which they are approaching the negotiation.

We feel that what they need to do is to figure out how to negotiate to yes, and there are ways in which the parties could agree to mutually accepted burdens of some of these costs. But almost all of these issues have been out on the table before, and the members in that referendum have been informed of them. There are a couple of issues about which there are disagreements, and those issues are essentially the ones that are of concern to the present governing council, which was, I believe, against the referendum that was worked up by the previous tribal council.

I think under the circumstances Mr. Swimmer indicated in the meeting we had, is that we are willing to do up to $77,000 and to take a look at what their progress was in terms of providing subsequent support. So it wasn't "this is it," it was "this is it, and we are going to monitor, and we are going to provide assistance, and Stan Speakes, area director, is charged with the coordination." So I don't think we intend to drop the ball or never let anything happen, but we want to try to provide the right kind of help so that something will happen that they will get to "yes," whatever "yes" is.

The CHAIRMAN. Throughout this morning, we have used the word "trustee" or "trusteeship" quite often. In this negotiation, what is the role of the Bureau? Are you, as you said, a third party monitoring the proceedings, or are you representing the best interests of the tribe? Or are we being objective in looking at the rights of the other side, too? Do you represent the interests of the Indians in this case, or are you just monitoring, as you said?

Dr. RYAN. To the extent that we provide funding support, we are providing the support to them so that they can best represent their case.

The CHAIRMAN. And you think that you have done this?

Dr. RYAN. Based upon the failure of the past efforts, it is hard to know what will be successful. But it does not appear that seriatim negotiations—if we enter into a negotiation on some subject that involves somebody else, and then later down the road we negotiate something that affects you, we have a negotiations problem. I am going to have to come back and talk to you. There are questions about the strategy, and the management of it, and Mr. Swimmer suggested that they employe a qualified negotiator—to get somebody that knew what they were doing, to pay the money to get the right person, as opposed to a part-time person with a secretary. But that is what the tribe indicated in its budget, and that is what we ended up going along with. You cannot dictate to a tribe what it is supposed to do. What you can do is share your concerns, you can try to provide support, but you can't dictate to them about everything.

Mr. SWIMMER. In this instance, Mr. Chairman, we provide a support role to the degree we can, and I think Frank had mentioned we provide other resources, like the fisheries technical assistance and all to the tribe in helping them present their negotiating position. But we do look to the tribe to negotiate. We will provide moneys that we can to help in that negotiating process, and if the $77,000 is not enough, then we would be willing to add additional money to it. But we do feel like an awful lot of resource has gone into it, and what we are trying to do is help the tribe as they work down the line to figure out what it is they need, how they can negotiate, and reach the position they want to reach.

The CHAIRMAN. Well, since I am convinced, and many others are convinced that time is of the essence, may I most respectfully suggest that appropriate staff members contact the tribal officials and see what can be done to expedite the negotiations.

Mr. SWIMMER. I'll be happy to do that. I talked with the area director and the tribe last week, and I did not receive any information that we had not provided enough money. I will double check that and see if there are any problems up there, but it is my understanding that the area office is working closely with the tribe now, and they are moving forward on it. If they need more resources, we will certainly consider that.

The CHAIRMAN. Mr. Secretary, I thank you very much. I realize that this has been a long session, but the problems that face those with whom you have this trusteeship relationship are serious, and I think deserve our full and considerate concern. I look forward to working with your Bureau very closely. I intend to spend much time in chairing this committee. So, with those words, I will be submitting to you at the earliest, many, many questions, and I look forward to receiving your response.

Thank you very much.

Mr. SWIMMER. Thank you.

The CHAIRMAN. Our next witness is the commissioner of the Administration for Native Americans, Mr. William Lynn Engles.

Mr. Engles, I welcome you, sir.

STATEMENT OF MR. WILLIAM LYNN ENGLES, COMMISSIONER, ADMINISTRATION FOR NATIVE AMERICANS

Mr. ENGLES. Mr. Chairman, thank you very much. I would also like to thank you very much for the kindness and the consideration of the committee and of you to allow me to testify out of order. I certainly appreciate that.

I have a brief opening statement that I would like to read and submit for the record, Senator.

The CHAIRMAN. Your prepared statement will be inserted in the record immediately following your presentation.

Mr. ENGLES. And then I will be very happy to answer any questions that you or the committee may have.

Mr. Chairman, members of the committee, I would like to thank you for the opportunity to present an overview today of the work of the Administration for Native Americans and to comment on the proposed fiscal year 1988 budget, as well as S. 142, the bill to extend the Native American Programs Act and make certain changes to the act.

The Native American Programs Act promotes self-sufficiency for American Indians, Alaska Natives, and native Hawaiians by encouraging local strategies in social and economic development. We consider social and economic underdevelopment to be the paramount obstacle to self-sufficiency of native American communities and families. Social and economic underdevelopment contributes to high unemployment, high school dropout rates, poor health, and other problems which affect native Americans to a greater degree than almost any other population group.

Lack of a strong, diversified economic base has made native American communities especially dependent on federally designed, federally funded, and federally operated programs. The Administration for Native Americans programs and policies foster, we believe, a balanced developmental approach at the community level through three major goals. We want to help develop or strangthen tribal governments, native American institutions, and local leadership to ensure that local control is maintained over all resources. We want to foster stable diversified local economies to provide jobs and reduce dependency on social services, and we want to support the access to and coordination of programs and services which safeguard the health and well-being of a community and its people.

These goals are based on the premise that the local community has the primary responsibility for determining its own needs, planning and implementing its own programs, and building a strong economic base through effective use of its own natural and human resources.

The Administration for Native Americans funding policy is to assist Indian tribes and native American and native Hawaiian organizations to plan and implement their own long-term strategies for social and economic development. This funding approach moves the focus from increasing dependency on social services to increasing the productivity, we believe, of both individuals and communities.

Panels of outside individuals review and rate all of our applications for financial assistance funds according to published criteria, and they seek to identify those proposals most likely to produce permanent and beneficial change for native American and native Hawaiian communities.

Applicants must state specific measurable goals based on the developmental needs of the community. After funding, the grantees must report what they have accomplished based on the goals that they set for themselves. Tribes and organizations are finding that the social and economic development strategies, which we identify by the acronym SEDS, provides the means through which lasting change may take place.

In the past 4 years the policy has benefited, we believe, all of the groups that the Administration for Native Americans was established to serve. It has met with success in Indian tribes, Alaska villages, Hawaiian communities, and urban organizations.

Given determination and motivation on the part of the community, SEDS strategies have worked regardless of the local resources which are available, the level of political development of the community, or the social and economic needs of the local people.

There are many success stories involving our grantees. I can name a few of them for you. A grant that we made to the Eastern Band of Cherokees in North Carolina has increased their business development and employment opportunities on the reservation. The tribe has engaged, entered into a contract, with a subsidiary of the Rouse Co. to plan an economic development program on tribal and individually owned land at Cherokee. To date the tribe has completed the construction activities, engineering and scale models, and financing strategies for a $70 million tourism and housing complex.

Drawing on private sector financing, the complex will consist of 400 condominiums, 150 townhouses, 34 single-family homes, a hotel and conference facility, a 35-hole golf course, a dinner theater, 15 retail outlets, and an area for industrial development. This project will create over 300 full-time permanent jobs, and substantially increase tourist expenditures in the area.

The grant we made to the Tanana Chiefs Conference in Alaska, in Fairbanks, AK, was used to form the Alaska Resources Commodities Trading and Investment Cooperative. It is marketing 50 tons of plant food products to food, chemical, and pharmaceutical industries. One extremely lucrative area is the marketing of cones from evergreen trees to be used in decorative wreaths.

Currently negotiations are under way to sell 100,000 pounds of these pine cones, which are very small delicate cones found only on the trees in Alaska, to three American companies, as well as additional orders to companies in Europe and Canada.

The project will involve 12 of the villages represented by the Tanana chiefs and the employment of 60 seasonal foragers and cultivators.

The Tanana Chiefs Conference also is going to seek $200,000 in funding from State and national cooperative banks to establish a revolving loan fund to finance the local processing and packaging of this product.

Offering opportunities to merge the traditional skills and local resources into alternative village enterprises, the project has the potential, we believe, also to generate foreign export markets.

The Las Vegas Paiutes Tribe of Nevada is using ANA funds to expand its economic base by developing eight Indian-controlled businesses over a 3-year period. Some of the businesses will be engaged in manufacturing graphite composite parts for the aerospace industry and in fabricating canvas coverings for the Department of Defense. Approximately 200 jobs, we believe, will be created on that reservation.

They have neared signing a contract with the Boeing commercial aircraft division, which will provide 15 jobs in the graphite composite production industry there.

We also have funded the Council for Tribal Employment Rights in Seattle, which is known as CTER. It is an Indian nonprofit corporation comprised of over 86 tribal employment rights offices. CTER ensures the maximum opportunity for Indian people in employment, training and business, both on and off the reservations. Using ANA funds, it is now working with Indian businesses to expand their vendor capacity—capacities as vendors to the Federal Government or as prime contractors.

CTER recently published the 1986 Indian Enterprise Directory called "Partners in America's Progress." This is the first directory of Indian firms, and uses the OMB standard industrial classifications covering the entire field of national economic activity. The directory profiles all information any buyer looks for in vendors, including qualifications, capabilities, size, and service areas, and it should substantially enhance the ability of Indian businesses to successfully compete in this arena.

Alu Like, in Honolulu, received a 2-year grant from ANA in fiscal year 1985. With previous ANA funding, Alu Like was very successful in using our funds to promote native Hawaiian economic and social self-sufficiency through the creation of several jobs and businesses on the islands. The current grant builds upon and continues this effort. Its goals are to arrange with Federal, State, and local agencies to promote native Hawaiian social and economic development, to provide assistance to a project on each of the five islands, to create native Hawaiian businesses and expand employment opportunities for the native Hawaiians, and to improve social services for them.

In 1986, the successful use of ANA grant funds has allowed the recipients to create over 15,000 jobs for Indian people, to initiate 243 Indian businesses, to strengthen the governmental functions of 42 tribes and other organizations through the enactment of codes and management improvements, to create about 1,000 jobs for native Hawaiians on the islands, to establish 44 native Hawaiian businesses, and to create 272 jobs and 24 new Alaska Native businesses.

I would also like to comment, if I may, Senator, on S. 142. In addition to extending the Native American Programs Act of 1974 through fiscal year 1991, the bill would add requirements concerning the grant application process and the use of formal rulemaking.

It would also authorize for the first time under the act the provision of financial assistance through agencies serving "Native American Pacific Islanders," including the American Samoan natives.

While the Department cannot support the bill as ordered reported, we are encouraged by the modifications the committee has made in the bill as introduced, and we would not object to the bill if it were further modified to meet our concerns.

Section 2 of the bill as ordered reported makes amendments concerning the grant application review process. This provision merely restates in the act what is already required of the Secretary by virtue of the constitutional relationship between the executive and legislative branches of the Federal Government. Although the provision, as amended, is unnecessary, we do not have any objections to it.

Section 3 of the bill would also subject programs under the act to rulemaking requirements more burdensome than those applicable to any comparable grant program administered by the Department of Health and Human Services. The Department would strongly oppose S. 142 if section 3 remains unchanged.

We believe that section 3 should be removed from the bill, and the Administrative Procedures Act permitted to govern. However, we have discussed with the committee's staff this technical assistance alternative language. The Department believes that this alternative language could meet both the administration's and the Congress' concerns about the process for developing major policies affecting programs under the act. We consider the suggested language the minimum change required to make section 3 acceptable.

We must also express our strong opposition to section 4 of the bill, which would authorize grants under the act to agencies serving, and I quote now, "Native American Pacific Islanders, including American Samoans." The act was designed to provide special assistance to members of those native American groups, and particularly Indian tribes which have a special relationship with the Federal Government. Extension of the programs under the act to other ethnic groups who do not enjoy this special long-standing constitutionally tested relationship would dilute the effectiveness of the program, is inconsistent with the purposes of the act, and sets an undesirable precedent that is adverse to the interests of native Americans.

In addition, this provision is unnecessary because agencies serving "Native American Pacific Islanders" already are eligible to apply for assistance under a variety of local, State, and Federal programs.

We also object to the bill's provision of a new special earmarked authorization for grants to Pacific islanders.

Section 4 represents a major new policy, which could set a very undesirable precedent for other Federal programs beyond those for native Americans. The Justice Department has advised us that extension of the programs under the act, to American Samoans and other Pacific Islanders, raises constitutional issues.

In conclusion, we would not object to S. 142 if modified to meet our concerns, and we will look forward to continuing to work with the committee to achieve a bill that is fully satisfactory both to the Congress and to the administration.

Finally, I would like to comment on the administration's proposed budget for fiscal year 1988. The generic appropriation request for all discretionary programs administered by the Office of Human Development Services is in no way a block grant proposal, nor is it intended to change the operation of existing programs.

The purpose of this approach is to simplify the budget decisionmaking process. It will help focus resource allocation decisions on the overall direction of Federal policy rather than on specific programs.

It also provides flexibility in order to take advantage of emerging opportunities to serve native Americans and other populations served by the Office of Human Development Services. This budget approach follows that of the Congressional Budget Committees, which assigns funding allocations through broad functional categories.

While funds may be shifted somewhat in the budget year as priorities change and needs arise, priority will continue to be placed on financial assistance grants for native Americans.

I appreciate this opportunity to appear before the committee, Senator, and I will be happy to answer any questions that you may have at this time.

Thank you.

[Prepared statement of Mr. Engles appears in the appendix.]

The **Chairman**. I thank you very much, sir.

Under your definition of native American, I presume that all Native Indians are native Americans.

Mr. **Engles**. Yes, sir; the Indian tribes that occupied North America.

The **Chairman**. Eskimos, also?

Mr. **Engles**. Yes, sir; and Aleuts.

The **Chairman**. And other Indians?

Mr. **Engles**. Throughout the United States; yes. In Alaska, too.

The **Chairman**. And you also include native Hawaiians.

Mr. **Engles**. Yes, sir; we do.

The **Chairman**. What is your definition of native American?

Mr. **Engles**. That's a very difficult question, sir—a very difficult term to define. I suppose we could say that any person that is born in America is a native American.

The **Chairman**. Well, I don't think it should be too difficult. After all, your agency has native American in its title so I would assume that the——

Mr. **Engles**. Yes; for the purposes of our agency, it would be defined as Indians, Aleuts, Eskimos, and native Hawaiians.

The **Chairman**. Isn't it supposed to mean people who were indigenous or aboriginal in that area when that area was acquired by the United States?

Mr. **Engles**. Yes, sir; I believe you could say that.

The **Chairman**. If that is the case, why would not the Samoans qualify? They were there when we took it over.

Mr. **Engles**. As I said earlier, sir, in my prepared remarks, we believe that the treaty relationship that exists between the Indians, native Americans, in the contiguous 48——

The **Chairman**. There was a treaty arrangement with the Samoans, also.

Mr. **Engles**. I was not aware of that, sir.

The **Chairman**. And if native Hawaiians are considered to be native Americans under your jurisdiction, how can you suggest that native Samoans are not native Americans? I ask this because you must have some reason to say, "We must also express our strong opposition." Is it because you consider them not to be native Americans?

Mr. **Engles**. We consider that the inclusion of native Samoans under the provisions of the Native American Programs Act would dilute the act and the reason for the act's being.

The **Chairman**. Is it because of budgetary reasons that your agency has decided that Samoans are not native Americans, or is it because of legal definition?

Mr. **Engles**. I believe it's a legal definition, Senator.

The **Chairman**. Then what is your definition of a native American?

Mr. **Engles**. As I said earlier, all I can tell you is that my definition would be an Indian, an Aleut, an Eskimo, or a native Hawaiian.

The **Chairman**. Hawaiians are Polynesians, Samoans are Polynesians, and I believe the history of our acquisition of Samoa would show that there was a treaty arrangement. But I suppose that discussion can come at another time.

Under your Department's generic funding request, how do you propose to establish your budgets for the various programs that comprise the Office of Human Development Services?

Mr. **Engles**. Sir, that generic request asks for $2.2. Anyway, it's $2.2 or $2.3 billion.

Senator **Inouye**. How are you going to establish funding priorities under this generic system?

Mr. **Engles**. They will be determined by persons in the Department after the money is appropriated by the Congress. That is my understanding, sir.

The **Chairman**. I have many other questions I would like to submit to you for your response later, but before I do I have one question, it is a rather parochial one. What has your agency done toward providing technical assistance through the Office of Hawaiian Affairs in formulating applications for assistance?

Mr. **Engles**. Senator, we currently have an application from the Office of Hawaiian Affairs in the Administration for Native Americans. We have looked at that and rated it, and we believe it to be a very good project, worthy of funding.

As you are aware, I am sure, State Indian Commissions, and in the case of Hawaii we believe the Office of Hawaiian Affairs, are not eligible for funding under the Administration for Native Americans Program Announcement. However, the Commissioner is allowed to make exceptions to that with good cause. We feel that an exception should be made in the case of the Office of Hawaiian Affairs because of the worthiness of the proposal. Since it deals with housing, we have sent it over to the Department of Housing and Urban Development, where they are taking a look at it. They are also very enthusiastic about this project, and we believe that we should have a funding decision for the Office of Hawaiian Affairs within a very short time, Senator.

The CHAIRMAN. Thank you very much.

Senator Melcher.

Senator MELCHER. I have no questions—just that I am delighted to see Lynn, an old friend, and almost an old colleague. We were always operating in the public interest. You with UPI and me with balled up with the legislature. Nice seeing you, Lynn.

Mr. ENGLES. Nice to see you, Senator.

The CHAIRMAN. I thank you very much, sir.

Mr. ENGLES. Thank you, Senator.

The CHAIRMAN. Our next panel consists of Mr. Bruce Carnes, Deputy Under Secretary for Planning, Budget, and Evaluation of the Department of Education; and the Assistant Secretary for Elementary and Secondary Education, DOE, Mr. Lawrence Davenport.

I appreciate your patience in waiting. I have been advised that you have to leave here soon?

Mr. CARNES. Yes, sir; Thank you, yes. We have another hearing in the House at 2 o'clock, and if possible we would like to be able to leave at 1:45. We would be happy to come back at another time or answer any of the questions on the record.

The CHAIRMAN. We will accommodate you, sir.

Mr. CARNES. Thank you, sir.

The CHAIRMAN. Please proceed.

STATEMENT OF MR. BRUCE CARNES, DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION, ACCOMPANIED BY LAWRENCE DAVENPORT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION, DEPARTMENT OF EDUCATION; AND THOMAS M. CORWIN, ACTING DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION

Mr. CARNES. Thank you.

I would like to introduce Lawrence Davenport, on my left, Assistant Secretary for Elementary and Secondary Education, and Tom Corwin, of my office.

I have a complete statement, Mr. Chairman, I would like to have included in the record.

The CHAIRMAN. Your prepared statement will be inserted in the record immediately following your presentation.

Mr. CARNES. Thank you very much.

I will take just a few moments to summarize that statement, if I might.

I appreciate this opportunity to appear before you to discuss the fiscal year 1988 budget request for several of the programs of the Department of Education that serve Indians.

For 1988, we are requesting $64,234,000 for programs authorized by the Indian Education Act. This is an increase of $198,000 above the fiscal year 1987 appropriation.

The budget requests for 1988 for part A programs is $47,200,000, the same as the 1987 level. This program supports educational services for Indian students in public schools, BIA contract schools, and Indian controlled schools. In 1988 some 1,160 LEA's and BIA contract schools are expected to serve about 243,000 Indian children under the formula program, and 33 Indian control schools receiving discretionary awards are expected to serve 5,900 children.

For part B we are requesting $11,568,000, the same as in 1987. There are six programs within part B. Two are designed to increase educational opportunities and improve educational quality, three are designed to help Indian students enter professional careers, the final program supports resource and evaluation centers that work to upgrade the quality of all Indian education programs.

Under part C of the act $3 million is requested to support basic education programs for Indian adults. These programs seek to find and serve traditionally hard to reach Indians in remote areas on and off reservations, and in our cities.

In fiscal year 1988, $2,180,000 is requested to cover administrative costs of the Indian education programs office. This is an increase of $165,000 over the 1987 level, most of it for built-in and fixed personnel costs. A smaller increase is for travel, rental charges, and an improved project profile system to plan, monitor, and report on project awards.

In addition, the National Advisory Council on Indian Education would receive an increase of $33,000 over the 1987 level to be used for built-in personnel costs for them, and include additional travel funds provided for meetings with tribal representatives.

For Impact Aid the department is proposing to level fund payments for "A" children at $533 million. A total of 530 districts are expected to receive funds for the education of approximately 95,000 children residing on Indian lands. The estimated total for these payments in 1988 is over $200 million.

For construction activities under Impact Aid, $5 million is requested for 1988.

Under the Carl Perkins Vocational Education Act, 1.5 percent of the combined appropriations for titles 1, 2, and 4 set-aside for Indian and Hawaiian Natives programs. Of this amount one-quarter of 1 percent is used to serve Hawaiian Natives.

Grants under the Indian Program are awarded on a competitive basis to federally recognized Indian tribes. During the current fiscal year these funds are supporting 41 tribal projects, training approximately 2,600 participants.

The Hawaiian Natives Program, currently in its 2d year of operation, makes awards to organizations recognized by the Governor of Hawaii that primarily serve and represent Hawaiian Natives. The Governor has recognized only one such organization, Alu Like, Inc., so only one grant has been awarded.

A network of 21 community organizations will receive subawards to provide training, placement, and counselling at the local level, to approximately 800 participants.

No funds for vocational education basic grants are requested in fiscal year 1988.

One percent of the funds appropriated for the chapter 1 program are allocated to outlying areas and the Bureau of Indian Affairs. About $25 million will flow to BIA schools in both 1987 and 1988. During the 1984-85 school year over 18,000 Indian students in BIA schools participated in our chapter 1 program. An additional 63,000 Indian students in public schools across the country also participated in such programs.

The Bilingual Education Act authorizes discretionary grants to establish, operate, and improve educational programs for limited English proficient students. In fiscal year 1988 approximately 15,700 'native American students would be reached.

Library services and construction—this programs sets aside 1.5 percent for Indian tribes, and one-half of 1 percent for Hawaiian Native organizations. Under the Indian program grants are made to federally recognized tribes and Alaskan Native villages for developing or improving public library services for Indian people. The Hawaiian Natives Program is similar to the Vocational Education Program for Hawaiian natives, that is the Governor recognizes the organization which receives the award. Again that award has gone to Alu Like.

The 1988 budget request would terminate all Federal support for libraries. It is our position that the purposes of these programs have generally been fulfilled, and further support should be a State and local responsibility.

I would be happy now, Mr. Chairman, to respond to your questions and those of your colleagues.

[Prepared statement of Mr. Carnes appears in the appendix.]

The CHAIRMAN. I would like to ask a question. On your last paragraph, where you have recommended that the entire Vocational Education Program be defunded in fiscal year 1988, the justification is that State and county funds are sufficient.

Mr. CARNES. Yes.

The CHAIRMAN. Do the facts and the realities support this justification?

Mr. CARNES. Well, as Secretary Bennett has said, this is not a budget recommendation which we are making on the merits of the program. We are proposing a budget that allocates the available resources with in the Education Department in those areas that we think are the most critical. It is not to say that we do not think vocational education is important. We do, and we think that a lot of good work is done there.

About $12 or $13 flows into vocational education from the States for every $1 that the Federal Government puts in, and there is $30 to $40 billion in private sector contributions. So when we looked at the areas in which we had to make reductions, it was a tough decision which we made at the last moment. We tried to resist it all the way down the line, but in the final analysis we had to decide that among the areas that were possible targets for reductions, this one could bear the cut the best.

The CHAIRMAN. I gather that there are many Indian students who presently participate in the Bilingual Education Act. However, under new regulations, Indian children who speak a combination of a native language and English very likely will not be eligible to participate in the program. Thus the case, why so?

Mr. CARNES. The statutory purpose of the Bilingual Education Program, Mr. Chairman, is to enable children to learn English at the earliest possible moment. Any project that has that as its objective is entitled to do so, and is eligible for support. Indeed, we support a number of Indian projects.

What we have done is simply to put into the regulations a statutory definition that has existed since 1974 which requires that a native language used in bilingual education projects be a language that was spoken by the students prior to their participation in that program.

The only thing that we have done is to put that into the regulations. The reason that we did that was because we found at least one instance where students who did not speak an Indian language, but were instead native English speakers, were receiving bilingual education funds, not to learn English, but to learn the Indian language.

The CHAIRMAN. Is that bad?

Mr. CARNES. We are not suggesting that that is bad, at all, Senator. What we are suggesting is that it is not consistent with the statutory purposes of the program, which clearly states that the function of the program is to make students fluent and literate in English as soon as possible.

Mr. DAVENPORT. Mr. Chairman, they would be eligible under the Indian Education Program in the Office of Elementary and Secondary Education for grants to teach that as a native language.

The CHAIRMAN. Do Indian controlled schools receive two grants under part A, one from the formula grants section, and one from the competitive set-aside?

Mr. CARNES. Yes; some can.

Mr. CORWIN. Yes; the ones that are BIA contract schools. There are a few others that are independent, and they only receive funding under the set-aside program.

The CHAIRMAN. Does this account for the apparent disparity between what public schools receive from part A on a per pupil average, and what Indian contract schools receive?

Mr. CARNES. Yes; it certainly counts for a large part of it. Under part A Indian control led schools received in 1985 approximately $750 per student, whereas under that same part the per student allocation for students in public schools was only $140. We are recommending a shift to equalize that funding balance.

The CHAIRMAN. All things being equal, do you believe that Indian control schools receive more or less than their public school counterparts?

Mr. CARNES. More dollars per student.

The CHAIRMAN. Can you give us any data that you have to support this assessment.

Mr. CARNES. Yes, sir; I would be very happy to supply a table for the record on that, and let me just say that on a per student basis, the average per student funding in public schools is $3,500 per student, and in Indian controlled schools the last figure we have is $6,900 per student. We will supply a detailed table showing all those breakouts for you.

[Information to be supplied appears in the appendix.]

Senator EVANS. Mr. Chairman.

The CHAIRMAN. Yes.

Senator EVANS. As Governor of the State of Washington, I used to deal with all of the per pupil costs, and they vary quite widely depending on whether you are in an urban district or in a widely scattered rural school district. These averages, I would guess, for the non-Indian schools include all of those, while most of the schools in Indian territory, I would guess, would equate to the rural and higher cost district. Is that generally true?

Mr. CARNES. These are not BIA-operated schools. They are excluded. These are just the Indian controlled contract schools.

Mr. CORWIN. The figures Dr. Carnes cited were from a study undertaken for us a year or so ago by Abt Associates. They compared the Indian controlled schools with nearby public schools serving the same general geographic area.

Senator EVANS. You mean the $3,500 is not an average for the country, but for generally truly comparable, more or less comparable areas?

Mr. CORWIN. Well, local.

Senator EVANS. That sounds low.

Mr. CARNES. $3,500?

Senator EVANS. Yes.

Mr. CARNES. Well, I think as a point of fact that $3,500 is just about the national average, as well.

Senator EVANS. That is why I say, as I remember at least, that the figures for rural school districts tended to be substantially higher than the national average.

Mr. CARNES. Well, we will provide that figure as well when we submit those detailed numbers.

Senator EVANS. This comes from a study that——

Mr. CARNES. Yes, sir.

Senator EVANS. Was the study a large one, or is it something that readily absorbed?

Mr. CARNES. I am quite sure the executive summary would be readily absorbed.

Senator EVANS. OK. You might submit that for the record.

Mr. CARNES. Yes, sir.

Senator EVANS. Thank you.

[Information to be supplied appears in the appendix.]

Senator MELCHER. Mr. Chairman, may I ask right here?

You mentioned Alaska. I don't understand why you mentioned Alaska.

Mr. CARNES. I don't recollect mentioning Alaska.

Senator MELCHER. Oh, you didn't mention Alaska. You mentioned an $8,000 figure—for what?

Mr. CARNES. I do not recollect mentioning an $8,000 figure.

Senator MELCHER. What figures did you mention, then?

Mr. CARNES. I mentioned $6,900 for per student in Indian controlled schools.

Senator MELCHER. Oh, all right. As compared to about $3,500?

Mr. CARNES. Yes, sir.

Senator MELCHER. All right. Thank you.

The CHAIRMAN. I have just one question, sir, and I would like to submit the rest of them in writing for your consideration.

Mr. CARNES. Yes, sir.

The CHAIRMAN. How many persons are permanently employed in your Indian education programs.

Mr. DAVENPORT. There's approximately 50 people employed including 4 who are on the Indian Advisory Council.

The CHAIRMAN. Approximately 50 people?

Mr. DAVENPORT. Yes.

The CHAIRMAN. Of the 50, how many are American Indians and Alaska Natives?

Mr. DAVENPORT. I can't speak for the advisory council. If you will let me speak to the 50, which are in OESE, there are about 5 who are American Indians. That is approximately 10 percent.

The CHAIRMAN. Five out of fifty are either American Indians or Alaska Natives.

Mr. DAVENPORT. Yes, sir.

The CHAIRMAN. Are these five in high, important categories, or are they clerk typists?

Mr. DAVENPORT. All of them are program officers, so I would consider that they are all in high, important positions. They are either GS-12's or 13's. I can get a breakdown of their grades for the record, but I think they are either GS-12's, 13's or higher.

The CHAIRMAN. So the office that concerns itself with Indian education programs has hired 5 of its 50?

Mr. DAVENPORT. That's correct.

The CHAIRMAN. Do you intend to increase this, or are we going to keep it at that level?

Mr. CARNES. We are going to respond to applications on the merits, and we are not going to consider ethnic background as one of the merits.

Mr. DAVENPORT. Mr. Chairman, if I may clarify this point. As you know, the highest number of American Indian employed in this program was about seven or eight back in the late 1970's or early 1980's. A few years ago, that number dropped to about one or two. Since 1982 we have been actively recruiting to find American Indians who want to work in the Department of Education's Indian Education Program.

I do want to hasten to add that we have recruited and have hired people who are Indian, and they have taken advantage of opportunities for promotions and have moved elsewhere in the Department. The fact that we recruit a person who happens to be Indian to work in Indian education does not mean that 1 year from now or 2 years from now they will still be working in that program. They may move for promotions. We have talked about this in the past. In fact, one of our former staff members is here today for the Department of Interior, deputy assistant secretary. So, we lose good people to other areas.

The CHAIRMAN. Senator Melcher.

Senator MELCHER. Is the reduction you're making in budget requests for impact aid—well, why is it done?

Mr. CARNES. Again, two reasons. We have the overall budget consideration, which, as you know, requires us to look for places where we can make savings. In addition, in the case of impact aid, this is a proposal that we have come to Congress with before because on the merits, we think that the impact aid B category of students does not represent a significant burden to the school system.

We think that that the impact aid A category students do. We would fund that category at the 1987 level. We are in addition proposing a scheme of allocating those payments that will provide a smoother gradation so there are not great inequities between one school and the next in terms of the proportion of entitlement they receive.

But the B children we do not consider a major burden on their school system, inasmuch as their parents are paying taxes.

Mr. DAVENPORT. All Indian students on reservations are A students.

Senator MELCHER. Yes; and those that are B students aren't necessarily coming from household that pays any taxes. I just wonder what the thinking is that somehow we have the policy of encouraging the Indian opportunities off reservation, but when it occurs—somehow this administration and perhaps others before this have thought the responsibility for providing some educational opportunity ended right there.

Mr. DAVENPORT. No, sir; we're providing funds under the Indian Education Act for those students who live off the reservation. They also receive funds under chapter 1.

Senator MELCHER. How are you doing it, then? How are you doing it? You say you don't want fund B students on impact aid. How are you doing it?

Mr. DAVENPORT. We still provide funds under chapter 1, under Indian Education Act, and under the——

Senator MELCHER. How much per student?

Mr. DAVENPORT. It's probably——

Mr. CARNES. There's a set-aside in the chapter 1 program of 1½ percent of the total available funds for Indian students and the outlying areas.

Senator MELCHER. How much per student?

Mr. CARNES. I would have to run a calculation for you. I don't have it off of the top of my head. But 1 percent would be approximately $40 million, and the Indian share is approximately $25 million, divided by the number of students in those schools. Then there's an additional $40 to $50 million that benefit Indian children in public schools. Say over $60 million.

Senator MELCHER. Well, it doesn't amount to too much, because as I read your figures you want to lop off $142 million for B students. Is that correct?

Mr. CARNES. From the Impact Aid program, yes sir.

Senator MELCHER. Well, that's a—I'm just citing. The responsibility does follow under the trust responsibilities, and just because a family happens to move off the reservation to seek some opportunity off the reservation the responsibility of providing some assistance for those children to be educated continues.

Mr. CARNES. I quite agree. And those children, if they are eligible, are funded under chapter 1 programs——

Senator MELCHER. If they are eligible?

Mr. CARNES. Or under the part A Indian Education Programs.

Senator MELCHER. And even if, you know, the $60 million—and I don't even know how you split it up, but the $60 million does not compare to the $142 million you are cutting out and probably we won't go along with it, but——

Mr. CORWIN. Very little of the $142 million is for the education of Indian students. The Impact Aid Program doesn't determine federally imposed the burden for students on the basis of ethnicity. For the B students it is based on whether they live or their parents are employed on Federal property. So, an Indian living in the city doesn't generate Impact Aid money unless he has a parent who is employed in the Post Office or with the military or otherwise on Federal property.

Indians, in general, are treated extremely well under our Impact Aid proposal extremely well on Impact Aid because persons living on Indian land are A's, and because they generate 125 percent of what other A students generate. I think roughly 45 percent of our A money would be directed to the education of students living on Indian land.

Mr. DAVENPORT. And most of them would require——

Mr. CORWIN. The B's are really pocket change compared to the A money.

Mr. DAVENPORT. And most of these reside in Super A districts, so there is a great deal of funds expended.

Senator MELCHER. I guess what you are telling me is the $142 million you want reduced in Impact Aid isn't all B student money.

Mr. CARNES. Well, most of it is for B students, but hardly any Indian students. And Indian students actually benefit under our proposal because the allocation to them under the A portion increases. Districts serving Indians under the A part of the program will get more money for the education of their Indian students.

Senator MELCHER. But, nevertheless, Impact B Indian students—you would recommend they get no funding under Impact Aid.

Mr. CARNES. That's correct.

Senator MELCHER. Well, I don't think we—we didn't go along with you last year, did we?

Mr. CARNES. No, sir.

Senator MELCHER. I don't think we will go along with you this year. And I think there is good reason. Because the educational opportunity that they receive, and the educational investment that we make is money well spent.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Mr. Vice Chairman.

Senator EVANS. Let me go back to these figures, just so I understand them a little more clearly. You talked about $6,900 for Indian schools, $3,500 for regular schools. Does that take into account, or do you eliminate from that, the cost of operating residential schools?

Mr. CARNES. Yes; these are not residential schools.

Senator EVANS. OK. So you're not—although half of our Indian students, as I understand it——

Mr. CARNES. Right, we don't fund them.

Senator EVANS. OK. But they are in residential schools.

Mr. CORWIN. The residential schools are BIA schools.

The comparison wouldn't have been very fair if one group had been residential and the other group had been day schools.

Senator EVANS. Well, I understand that. What constitutes the difference, when you have an almost doubling? Is that in extra staff, is it in—where are we sending the money?

Mr. CORWIN. The study that was performed under contract for us did, in fact, find that the staffing level was quite a bit higher in those schools.

Senator EVANS. Twice as high?

Mr. CARNES. There are often very, very few students—four, five, six students in some cases, per teacher that we did document. But I don't know if we can attribute all of the cost to that.

Mr. CORWIN. We'd be happy to provide more detail for the record. It has been a little while since I read this.

Senator EVANS. OK. I'll get that.

[Information to be supplied appears in the appendix.]

Senator EVANS. Let me turn for the moment to the higher education side of things. As I understand it, at least in getting acquainted with the various programs offered, the focus, or attention, at least, appear to be on the community college level. What about students who are really aimed at 4-year institutions, especially those who may have interest and the potential for eventually going to a professional school or that kind of thing? What specific kind of programs do we now have, and what are you proposing?

Mr. CARNES. Two things on that and I'll ask Mr. Corwin to elaborate on that.

One, of course, is our general student aid, which under our proposals targets very much better on the lower end of the income scale.

Senator EVANS. Now that's general aid of any different kind that any student would get?

Mr. CARNES. That's correct. Any student would be eligible for that on the basis of income.

Senator EVANS. I'm really trying to get at what particular programs there are for higher education.

Mr. CARNES. Right. There are some separate fellowship programs for Indian students. I will ask Mr. Corwin to elaborate on that.

Mr. DAVENPORT. Well, Bruce, if you don't mind. In OESE, as you know, Senator, we provide over 100 fellowships a year through Indian education programs. These are primarily for graduate programs in law, medicine, and psychology, et cetera. It is a very active program. As you know, last year we made these funds 2-year money so we will be awarding some grants even in the second semester this year.

Senator EVANS. How much extra? Is there a special effort being made to encourage Indian students to go into education as a profession with a hope that perhaps they will help in the process of education on tribe property?

Mr. CORWIN. Actually, we do both of the things that you have asked about. In the fellowship program that Dr. Davenport was talking about, the average fellowship now is about $7,000. I think in Pell grants we are still at about $2,100. So the Indians, in fact, get a more complete fellowship. We make these awards on a competitive basis, they have to submit an application and an essay and so forth.

In the area of training for education, we have the Educational Personnel Development Program, which is funded at about $2.3 million. We are proposing to level fund that program. We make about 15 awards a year serving about 623 people. Some of it is preservice training for persons who are going to teach on the reservation to teach Indian students. Some of it is inservice training for people who are teaching to upgrade their skills and keep them current in their fields. We definitely encourage that.

Senator EVANS. What are you finding in the trends of students going on to 4-year institutions and even graduate and professional work.

Mr. DAVENPORT. Medicine, law, and psychology. We can give you a breakdown, but those seem to be the——

Mr. CORWIN. I know the number——

Senator EVANS. What about numbers? Are we seeing a real expansion in the numbers who are going on into all levels of higher education—in the community colleges, technical training, as well as 4 year?

Mr. CORWIN. I know, overall, that the educational attainment of the Indian population has increased in the last decade or so. I don't have figures with me on postsecondary attainment. We can probably come up with some figures for the record.

Senator EVANS. I think it would be helpful. I would just be curious. It seems to me that one of the very best things we could do is provide the opportunities for obtaining that kind of educational level and leadership that evolves out of it.

[Information to be supplied follows:]

EDUCATIONAL ATTAINMENT OF INDIANS

The 1980 census showed that of the 691,452 Indians 25 years old and over, 53,500 had completed 4 or more years of college (8 percent) and 169,000 had completed 1 to 3 years of college (24 percent). This compares with the 1970 census showing that 4 percent of the Indian population over 25 had completed college and 11 percent had completed 1 to 3 years of college. The percentages have doubled.

The Digest of Educational Statistics reports that the total Indian enrollment in institutions of higher education went from 74,388 in 1976 to 87,700 in 1982, an increase of 18 percent while the overall enrollment in these institutions increased approximately 11 percent.

Mr. CORWIN. The BIA also has educational personnel development programs and fellowships. Theirs are restricted to BIA recognized Indians living on the reservation. Our programs kind of fill the gap and take care of Indians in the cities, as well as State-recognized Indians.

Senator EVANS. Of all levels in education, how do you integrate or ensure against duplication of effort or holes that might appear in the educational effort with the work that you are doing as compared to the work the BIA is doing?

Mr. DAVENPORT. We meet with the BIA. We exchange our fellowship list with the BIA list, and also with HHS. As you know, HHS, Commissioner Engle, also awards fellowships. So we compare our lists against each other to make sure that we are not duplicating each other. That is the main way.

Also, as you know, Congress has added new categories for funding under the Indian Education Act fellowships programs so we also have to be aware of drugs, and other emphases of the Congress in this area.

Senator EVANS. I will have other questions for the record, Mr. Chairman.

The **Chairman**. We will be submitting our questions in writing, for the record. I thank you very much.

Mr. **Carnes**. Thank you, Mr. Chairman.

[The following questions were submitted to be answered for the record:]

QUESTIONS SUBMITTED BY THE SUBCOMMITTEE

PLACEMENT OF THE INDIAN PROGRAM OFFICE

Question: Why is the Title IV Indian program office under the Elementary and Secondary office at ED? Was not the original intent of Congress to place it at a higher level in the Department?

Answer: When Congress originally enacted Title IV, the Indian education program was placed organizationally at the bureau level under the Office of Education which, in turn, was under the Department of Health, Education, and Welfare. When the Department of Education was created, the Elementary and Secondary Education Bureau was made an office and the Indian education program was placed under the Office of Elementary and Secondary Education. The Department believes it is more efficient to have the Indian education programs report to the Office of Elementary and Secondary Education, since this allows for better coordination of all elementary and secondary education funds for the education of Indian children. There is simply no reason to give a $64 million program an independent office within the Department. Doing this would lead to a plethora of individual offices with little overall coordination in management.

SET-ASIDE FOR INDIAN-CONTROLLED SCHOOLS

Question: How is the percentage for the set-aside for Indian-controlled schools determined? And, how did you arrive at the $640,000 transfer figure?

Answer: The percentage set-aside for Indian-controlled schools is authorized in the law as "not in excess of 10 percentum of the amount appropriated for payments....under subsection (a)." (Subsection (a) authorizes grants to local educational agencies.) The amount for the set-aside in 1987 was specified by the Conference Report on the Continuing Resolution (P.L. 99-500) and was a decrease of $695,000 below the 1986 level.

The level of $3,500,000 requested for 1988 reflects the Department's intent to continue reducing the average per-pupil award in the Indian-controlled schools (ICS) program to the same level as the average per-pupil award in the local educational agency programs.

The Department recommends this action since the overall per-student expenditure for Indian-controlled schools has been found by several studies (including one by the Department and one by the House appropriations committee) to be much higher than in public schools enrolling Indian children. Many of these schools are also receiving funds from Part B of the Indian Education Act, Chapter 1, Bilingual Education, and the Education of the Handicapped program, in addition to their BIA and Part A funds. In view of this disparity, we are proposing to redirect funds gradually over the next several years so that the Part A payments will be made on a more equitable basis for the two groups of students. This will mean decreases from $640,000 to $695,000 each year.

REDUCTION IN FELLOWSHIP AWARDS

Question: For all of the six programs funded under Part B, except fellowships, the number of awards anticipated is the same as were awarded, in 1987. The number of Indian fellowships to be awarded in FY '88 is reduced by 30. Why is there this reduction?

Answer: An amount of $207,341 of unobligated funds was carried over from 1986 to 1987. Thus instead of $1,461,000 for awards in 1987, $1,668,341 was available to support 238 fellowships at an average cost of $7,008. For fiscal year 1988, we do not anticipate any carryover funds and the $1,461,000 requested will fund an estimated 208 fellowships at an average cost of $7,008. The fellowship figures for 1987 and 1988 are estimates. The larger estimate for 1987 reflects the presence of the unobligated funds.

Question: Is your Department changing the way it administers this program since the average amount of the award remains unchanged as well?

Answer: The Education Department is not changing its administration of the program. The change in the number of awards is as a result of the carry-over of funds from 1986.

RESOURCE AND EVALUATION CENTERS

Question: Again, under Part B, the resource and evaluation centers are specifically mentioned with their locations. Will these same centers be funded in fiscal year 1988?

Answer: The five resource and evaluation centers are in the last year of their three year contract. The final phase of this contract runs from January 1987 to January 1988. The Department will conduct a new competition for centers to begin operation with fiscal 1988 funds. This will be an open competition, and the existing centers will be eligible to compete.

LEGISLATIVE PROPOSAL

Question: On page 11 of the ED budget justification for Title IV, you state that the Department is considering a legislative proposal to respond to efforts underway in Congress to reauthorize the Act. Can you elaborate?

Answer: Our legislative proposal is under development in the Department. Our objective is to make minor and technical improvements in the current programs, but not to propose any major modifications in the current program structure. We cannot provide full details until the bill is cleared by OMB.

REGULATION DEVELOPMENT

Question: The regulations you mention on the same page (page 11 - 1988 Congressional Justification) refer to certification of eligible Indian children for purposes of being counted for payments to LEAs. What specifically do you have in mind?

Answer: Actually, there are two separate regulations being developed. One set of regulations will provide the first complete explanation of what documentation is needed for certification of a child as "Indian" or "Alaska Native". Issuance of these regulations is necessary because annual program reviews have shown that many school districts are not keeping accurate and complete documentation on file for these children. The other regulations are intended to explain clearly how the Department will determine the eligibility of all local educational agencies (LEAs) for payments under section 303(a) of the Indian Education Act. The regulations are needed to eliminate unauthorized payments that have been made by the Department for some Indian students who attend Bureau of Indian Affairs operated schools. The proposed regulations also address questions about the eligibility of LEAs that provide only a supplementary portion of an educational program and LEAs whose children attend private schools.

INDIAN EDUCATIONAL GAINS

Question: Can we expect to continue to see the dramatic improvements in educational gains by Indians during the 1980's that we saw from 1970 to 1980, even though programs like Title IV have experienced such severe cuts during this decade?

Answer: As Indians' educational levels catch up with those of the general population, the relative gains for [illegible] will not be as dramatic. However, we hope and believe that some gains will continue. As to your references to severe cuts in Title IV over this period, note that the program has been funded since 1973. From 1973 to 1980, the Indian education program received $347,493,000. From 1980 to 1987, the program has received $508,377,000, over $150 million more than during the 1970's.

CONTRACT SCHOOL START UP COSTS

Question: Since 1982, ED has had a policy of not funding any contract school start-up costs. Funding for this purpose was included in Part A prior to 1982. How does the Department intend to implement the BIA program of transfer without providing money for start-up costs, particularly since you are further reducing the set-aside for Indian schools from which these funds traditionally come?

Answer: The BIA initiative to expand the use of contracting and cooperative agreements with tribal governments and public school systems is still an evolving concept. We do not know if any new contract schools will be established. All children transferred from BIA-operated schools might be educated by local public schools or existing contract schools. If the BIA puts its new program into operation in 1988, our budget will permit Part A formula grant funding for up to 7,000 additional children with almost no change in per-pupil amounts from the 1987 level. If the BIA does not put the program into operation, then ED will increase its per-pupil awards under the formula program.

COMPARISON OF ADMINISTRATIVE COSTS

Question: What are the specific administrative costs for administering the Title IV program compared with the administrative costs of comparable programs within the Department (costs such as personnel, space, supplies, etc.)?

Answer: In order to answer your question, we have compared one of the offices funded within the Department's Salaries and Expenses (S&E) account -- the Office of Bilingual Education and Minority Language Affairs (OBEMLA) with the Office of Indian Education, Title IV. The offices are quite comparable in many ways. OBEMLA has requested $2,483,000 to operate in fiscal year 1988 and Indian Education has requested $2,466,000, a difference of only $17,000. OBEMLA has 48 Full Time Equivalent (FTE) positions and Indian Education has 50 to continue operations in 1988. Both offices have advisory councils. OBEMLA does not have to pay common support expenses (rent, communications, and mail) as those costs are funded from the common support expenses portion of the S&E account. Indian Education has always paid common support expenses and will contirue to do so. Over 97 percent of OBEMLA's budget is for personnel compensation and benefits while 78 percent of the Indian Education budget is for these items.

The following is a chart comparing the administrative costs of the Office of Bilingual Education and Minority Language Affairs with those of the Office of Indian Education.

FY 1988 Comparative Administrative Costs for Indian Education Programs and Office of Bilingual Education and Minority Languages Affairs

($ in 000)

Object Class		INDIAN EDUCATION	OBEMLA	Difference
11-13	Personnel comp. and benefits	1,932	2,398	(466)
21.	Travel	145	45	100
22.	Transport of things			
23.1	Rent (SLUC)	160	[211]	(51)
23.2	Comm (non-GSA)		[19]	(19)
23.3	Comm (GSA)	68	[45]	23
23.4	ADP rentals			
23.5	Mail	29	[87]	(58)
23.6	Other rental			
24.	Printing	13	5	8
25.1	Interagency/Reimbursables	5		5
25.23	Training			
25.3	Equipment Repair	1		1
25.33	SLUC (non-recurring)			
25.4	Contracts (other)	1		1
25.41	Field Readers	25	25	0
25.6	ADP Services	73	7	66
26.	Supplies	13	3	10
31.1	ADP Equipment	1		1
31.2	Other Equipment			
	Personnel Comp. & Benefits	1,932	2,398	(466)
	Discretionary	272	85	187
	Common Support Expenses	262	[362]	(100)
	Councils	[286]	[62]	191
	TOTAL	2,466	2,483	(17)
	Comparable Total	2,466	2,907	(441)
	FTE	50	48	(2)

NOTE: The dollars for the National Advisory and Coordinating Council on Bilingual Education (NACCBE) and common support expenses are not included in OBEMLA's FY 1988 budget and are not reflected in the above totals. They are shown in brackets for comparison purposes only.

NACCBE has 20 Council members, representing 0.65 FTE, who serve intermittently during the year. The Council is excluded from the 48 FTE total shown above.

Indian Education/National Advisory Council on Indian Education has four permanent staff members and 15 Council members, representing 0.60 FTE, who serve intermittently during the year. Administrative costs and FTE for the Council are included in the totals shown above. The total cost for the Council is shown in brackets for comparsion purposes only.

Over 97 percent OBEMLA's budget is for Personnel Compensation and Benefits (PC&B). Over 78 percent of Indian Education's budget is for PC&B, 87 percent if common support expenses were excluded.

IMPACT AID -- CONSTRUCTION FUNDING

Question: Is the $3.8 million in Jobs Bill money that you are proposing to spend for school construction projects in Indian country an additional amount to the $5 million that would remain if the rescission request were approved or is it part of the $5 million?

Answer: The $3.8 million in Jobs Bill money would be in addition to the $5 million that would remain if the rescission proposal is accepted.

Question: Please supply the Committee with the last 815 school construction priority list as soon as you can.

Answer: We are happy to provide the current lists of Public Law 81-815 construction applications in priority order for the Committee's information.

The lists of Public Law 81-815 construction applications are too lengthy to be inserted in the record but were provided to the Committee.

Question: On page 27 of your budget justification for Impact Aid, you mention that the BIA is encouraging children currently attending BIA schools to transfer to public schools, in which case they would become eligible to be counted for Impact Aid. Do you know that the BIA is, in fact, encouraging such transfers or is your report referring to the proposal to contract with the LEAs for the operation of BIA schools?

Answer: The discussion in the budget justification refers to the policy under consideration by the BIA of transferring the operation of BIA schools to State or local authorities. If these schools are operated by local public school districts, the children attending them are likely to become eligible under the Impact Aid program and would generate payments to their school districts under Section 3 of the program.

Question: On page 35, you mention a new effort to coordinate with BIA on school construction projects. You cite a case where there is a BIA school that is below capacity, yet another nearby public school district qualifies for Impact Aid construction funding because of its high Indian student population. Can you supply the Committee with more precise information on this situation and an assessment of how widespread this kind of thing might be?

Answer: The situation described in the budget justification refers to the Fort Yates public school district and the Standing Rock BIA school in North Dakota. The Standing Rock school has a capacity of 600 but is currently serving fewer than 200 high school students. At the same time, the Fort Yates school district is serving fewer than 70 high school students in temporary facilities. This lack of a permanent high school facility qualifies the district for funds from the Impact Aid construction program.

We are working with the BIA to see if there is some way of having all of these students attend the existing facility since this would be more cost-effective than constructing a new building for such a small student population. We understand that there are a number of similar situations in several States, and we expect to look at them in the future.

CHAPTER 1

Question: Do Indian children as a group participate in Chapter 1 programs in proportion to their numbers in the overall student population?

Answer: The proportion of Indian children who participate in Chapter 1 is greater than their proportion of the overall student population. Based on data from the 1984-85 school year (the last year for which actual data are available), Indian children made up two percent of the children served by Chapter 1. Indian children made up less than one percent of the total student population in pre-kindergarten through grade 12.

Question: Are there any studies specifically geared to Indians who participate in Chapter 1 programs that show their progress in comparison to the progress of other participating students?

Answer: No, there have been no studies that compare progress made by Indians or other ethnic groups that participate in Chapter 1 to other participating students. Studies on Chapter 1 effectiveness have focused on the academic progress of Chapter 1 students as a group.

VOCATIONAL EDUCATION

Question: Has the Department attempted to ascertain the need, in recent years, for vocational education training programs in Indian country?

Answer: The Department has not conducted a formal study of the Indian vocational education program since the first eighteen months of the program's operation. However, each grant application must contain information about employment and average income among the population served, as well as a job market analysis. The Bureau of Indian Affairs also performs periodic surveys of the Indian population, and readily shares survey results with us. In general, Indians living on or near reservations have unemployment rates two to three times the national average.

Question: What is the funding cycle for this program?

Answer: The funding cycle for the Indian vocational education program is one to three years. Grants are made for varying lengths of time within the cycle. Requests for continuation beyond the project period are considered as new applications and must compete with all other applications.

Question: How many applications does the Department receive each cycle and how many of those are you able to fund?

Answer: The number of applications received by the Department have ranged from 10 to 92 over the last ten years. We have funded an average of 30 projects each year, although the range has been from 20 to 45.

Question: If this program is terminated, has the Department identified alternative resources under which Indian grantees may qualify for funding of vocational education programs?

Answer: The Bureau of Indian Affairs provides some funding for vocational training. In addition, Indian tribes are eligible for State vocational education funds, which far exceed the Federal contribution to vocational education.

The CHAIRMAN. Thank you.

Our next witness is the former Director of the Indian Health Service, Dr. Emery Johnson.

STATEMENT OF DR. EMERY JOHNSON, FORMER DIRECTOR, INDIAN HEALTH SERVICE

Dr. JOHNSON. Thank you, Mr. Chairman.

I have a prepared statement that has been provided to the committee.

The CHAIRMAN. Your prepared statement will be inserted in the record immediately following your oral presentation.

Dr. JOHNSON. I'd just like to briefly summarize my comments, Mr. Chairman, and then leave time to answer any questions that you all may have.

I am always pleased to appear before this committee. It is a committee that has the primary oversight function to assure that the Federal Government is carrrying out its responsibilities under the treaties and statutes that relate to American Indians and Alaska Natives. I think the importance of this committee is even greater today, because what I perceive as the threat that Indian policy and Indian statutes are in danger of being repealed, not through the normal legislative process, but through the budget process. We will cover some of those in our discussion.

There are good things about the programs, obviously, as tremendous progress has been made, and I am sure that Dr. Rhoades, in his prepared statement and discussions with you, will share those with you, as well as share with you some of the major health problems that we have not been able to deal with.

I believe that Dr. Rhoades and the tribal leaders and their respective health staffs should be commended for the efforts that they have made in the last several years to provide efficient and effective health services in the face of severely constrained budgets—their emphasis on health promotion and disease prevention, the management improvements that have been made, the revitalization of the consultation process between the Indian Health Service and the tribal governments, I think, is something to be pointed to with a good deal of support.

Resource allocation methodologies, their emphasis on the quality of care as evidenced by the continued good experience in getting accreditation by the Joint Commission on Accreditation of Hospitals, both for Indian Health Service and tribally operated facilities, and some of the improvements in data management, we all understand, are terribly important if we are going to control costs in the present climate.

There has also been significant progress in implementation of the Indian Self-Determination Act, particularly during the last year with simplifying some of the contracting procedures. But I am concerned about the continued success of that initiative, based on some of the processes that are in the budget you now have before you. I will identify some of these concerns in some more detail later.

In fact, if you look at the entire budget in specific detail, there are a number of troublesome problems that I see. I ask: What are the likely results that this proposed budget would produce? In my opinion, at the very least, this budget is an experiment in healthcare finance, an experiment in which Indian people are the experimental subject, and in which if the experiment is unsuccessful, it is Indian people who are placed at risk of suffering and death.

At its worst this budget is a cynical strategy to subvert Federal Indian policy as it relates to Indian health that we have been pursuing over that last 30 years, and perhaps as the mechanisms to relieve the Federal Government of its responsibility for Indian health.

Well, what's the basis for this view? Let's take a look at what the budget proposes.

First, it proposes a reduction of over $58 million below the current services level in hospitals and clinics. That's the basic budgetary account that pays for doctor care, inpatient care, nursing services, and so forth, outpatient care in Indian Health Service, and tribally operated clinics.

Second, the budget also proposed a reduction of over $47 million, or almost 26 percent, in the contract health care appropriation account. That's the account that provides for medical care in places where the Indian Health Service does not have direct facilities. For inpatient care that would include the Northwest, Washington, Oregon, includes the State of California, Wisconsin, most of the east coast, as well as providing specialty care that would not be provided in Indian Health Service facilities throughout the country.

Now, in both of these reductions the inference is given in the budget justification document, that somehow or other "the achievement of economies throughout the Indian Health Service," or management efficiencies are somehow or other going to bridge the gap between these major reductions in funding.

In have no doubt, at all, that Dr. Rhoades and the tribal leaders and their respective health staff are going to make every possible effort to maintain the level of care within this budget. But I would suggest to you that there is no way that that is even remotely possible. There is no documentation in the justification, there is no evidence available that I know of, that would suggest that anywhere remotely close to that amount of money can be saved by any kind of management efficiency that they may be talking about. That's what I mean, this is an experiment, an experiment that says we can save all of this money, but if we don't, Indian people are the ones that will pay the price.

This is being done, Mr. Chairman, at a time when we all know, and the record is perfectly clear on this, that health services for Indian people, in many cases, are marginal, at best, today. That's without looking at these serious reductions.

Third, in the budget we have a reduction of nearly 75 percent in the tribal management account. That is the account that has assisted tribes in creating their capacity to take over and operate their own programs. We have a reduction of one-third in the Health Manpower account, which has been a major source of the professional health staff that the tribes have come to depend on if they are going to take over and manage their own programs.

When you take these two reductions and add them to the reductions in delivery of health service that I believe the earlier reductions are going to create, it seems to me we are laying a serious barrier in the path of tribal self-determination.

May I ask you what tribal council would want to take over and manage a health program if in the process they are going to have to face these drastic reductions in health services to be provided to their own people? I would suggest to you that that is not a very wise political decision to make. If we are not willing to support the funding to provide for adequate services, then how can we possibly ask the tribes to take over that responsibility?

The fourth problem I see in the budget has to do with changes in appropriation language. Those are the kind of things that you look at and say, "Gee, it doesn't amount to much." But yet, again, I see a pattern. The changes in appropriation language appear to me to permit the administration to impede the utilization of funds by the Indian Health Service during the fiscal year so that that money may still be available to give them an excuse to reduce the budget the next year. They are looking, apparently, at a way to have recisions and deferrals without having to go through the formal process.

Let me look, specifically, at what some of those appropriation language provisions are.

The first one would combine the Indian Health Services appropriation and the Indian Health Facilities appropriation. At the moment they are two separate acts. We know how extremely difficult it has been to get the administration to construct any hospital or any clinic, even under the direct order of the Congress—Rosebud comes to mind, with many others.

When they are in a separate account, they are in a sense protected. If you put them all in the same account, then you have much more flexibility as the administration said, yes, you certainly do. You have flexibility to find further reasons not to spend the money on construction.

We also have a provision in there that talks about permitting the Indian Health Service appropriation to remain available until expended. In other words, "no-year" money.

There is also a provision in there to allow the Medicare/Medicaid reimbursements to be held for 3 years, instead of 2.

Each of these is an option or an opportunity for the administration, then, to delay the expenditure so that that money will be carried over to the next year to reduce the funding need for a future year, and avoid the formal process of rescission and deferral. We will talk about rescissions and deferrals a little bit later.

If the purpose of these changes that I have just discussed were really to provide "greater management flexibility and efficiency" then I would ask you: why does the administration still propose to limit the money the tribes use to 2 years?

Fifth, and finally, this budget continues the administration's 6-year efforts to eliminate a number of what I believe are very important programs within Indian Health: the Community Health Representative Program, the Urban Indian Health Program, sanitation facilities construction, construction of new Indian hospitals and clinics, the recently enacted catastrophic health care fund, and even the highly touted "war on drugs" funding. There are various approaches used in the budget justification to explain this. They call it "phase-down," "phase-over," "rescission," or they simply don't ask for the money in the 1988 budget. The end result is the same, in my judgment, the elimination of important cost-effective and serviceable programs that clearly should be maintained.

Well, if the above were not serious enough reasons to be concerned with the administration's budget, we now have another potential problem that is coming over the horizon. Within the next few days the Office of Technology Assessment will be presenting to the Congress a special report on clinical staffing in the Indian Health Service. It is my understanding that the OTA report is going to predict a serious crisis in finding physicians and nurses for the Indian Health Service.

I have heard speculation that as a result of that, substantial numbers of hospitals and clinics might even have to be closed, in a sense a retreat from the efforts of the last 30 years to provide health care accessible and appropriate at the reservation and Indian community level.

Dr. Rhoades has taken action, and you will see it identified in the budget justification, to greatly expand the Indian Health Service's efforts in recruitment. I think his action is both necessary and appropriate. I think, however, we need to look beyond that. I think we need to look at retention as the primary problem, not necessarily recruitment.

If that is the issue, then what are the factors that influence clinical staff—physicians, nurses, dentists, highly trained professionals—to practice their profession in an Indian community? Some factors are not within the influence of the Indian Health Service, but there are some that are. For example: good clinical facilities, adequate hospital and clinic facilities, modern medical equipment, adequate staffing—nurses, laboratory and x-ray technicians, other support staff, as necessary—so you can practice good quality professional care. That drives more physicians away, probably, than most anything else we have, the feeling that we can't practice the way we were trained, cannot provide the kind of quality that we want to do. Adequate housing, the ability to serve scholarship or loan obligations, the opportunity for appointment to the Commissioned Corps of the Public Health Service, participation in dynamic, effective, progress in good community health and improvement of health status—all things that idealistic physicians and others will say we will contribute some of our time in working in this kind of a program.

I am sorry to say that the administration's budget really opposes each of these factors that I think are important in recruitment and retention of medical staff and nursing staff. Is it possible that this, in fact, reflects the strategy to promote, or at least permit, shortages of staff to be used as a self-fulfilling prophecy that says we must privatize Indian health programs, or as Secretary Swimmer proposes, turn them over to the States? Is this the mechanism, then, for the Federal Government to use to "cash out" their responsibilities in Indian health and walk away? I don't know.

Well, in summary, Mr. Chairman, it is my view that the potential outcome of the fiscal year 1988 budget has, really, two potentials. In the short term I think we have a serious loss of health care services to American Indians and Alaska Natives, and I think we have a serious impediment to the continuation of the self-determination process.

In the long term I am afraid it could set the stage for Federal abandonment of that special responsibility for Indian health care.

I would respectfully offer to you some specific recommendations in relation to this budget.

First, I believe that the rescissions, transfers, and reprogramming actions that are requested should be rejected. I think we need to maintain the integrity of the Community Health Representative Program. It has really been the foundation of much of the preventive action on the reservation. How are we going to have disease prevention and health promotion if we remove one of the most significant factors that have done so much to create that climate?

The urban programs, I think we all know, have proven to be a very cost-effective way of providing access for Indian people to health care—not just people in urban areas, but for reservation people as well who find themselves in and out of the urban areas.

We need to continue the modest construction program for sanitation facilities construction. If 80 percent of Indian homes have been provided with safe water and adequate waste disposal, that also means that 20 percent have not. Twenty percent do not have that health protection. Are we simply going to turn our back on those?

And certainly the modest construction program of hospitals and clinics ought to be maintained. This President's budget proposes—as have every budget in the last 6 years—to stop every construction project which has not actually been put under concrete. We have fought the battle on each and every one of them. Here we are again.

Second, I believe that the health programs ought to be returned, at least to the current service level. As I mentioned earlier, those are sometimes marginal, at best. How can we possibly defend reducing that level or services even further? If it were possible within budget constraints, I would certainly like to see some large increases in these high priority services.

Third, I think that Congress should make it clear to the administration that health-care financing experiments, as proposed in this budget, are simply unacceptable. Before they come up with budget reductions based on these so-called management improvements, I think the administration ought to be required to provide documented evidence that such savings, in fact, have occurred. I don't believe Indian people should be the ones that are put at risk.

Fourth, I think that we ought to restore those reductions in the self-determination activities. I was pleased to see the new account of $2.5 million for tribal administrative and indirect costs. Unfortunately, the amount, I think, is much too small, and I think the restriction that they place on it limiting it only to new starts or expanded starts ought to be rejected. That restriction is a direct penalty imposed on those tribes that have already shown the initiative to contract for their own services. Those tribes should be rewarded, not punished.

Fifth, I believe the appropriation language changes that we noted above should be rejected. I just simply believe that the potential for abuse is too high to recommend.

And, finally, I believe that those programs that are scheduled for elimination ought to be retained. We all know the value of the urban programs and others. The catastrophic health-care fund was created by the Congress, and I see nothing that suggests that they were in error when they created that fund. Certainly the war on drugs has not been won.

I think that history has demonstrated that we can have real progress in elevating health status of American Indians and Alaska Natives when we have an effective partnership between the Federal Government and tribal government. That investment in progress can very easily be lost if we do not provide consistent and considered support.

The Congress has not waivered in its insistence that the level of health in Indian people be brought up to the level of the general population, since the program was transferred in 1955. It is absolutely amazing to see the persistence that Congress has had over the opposition of administrations—not only this administration, but administrations in general did not see that as a high national priority.

Congress has insisted that we pursue this, and I am confident that we will continue this progress.

I will be happy to answer any questions you may have.

[Prepared statement of Dr. Johnson appears in the appendix.]

The CHAIRMAN. Dr. Johnson, I thank you very much. What I have just heard is a terrible indictment of the budget proposal of the Indian Health Service.

Before proceeding, may I ask a few personal questions?

How long were you Director of the Indian Health Service?

Dr. JOHNSON. I was Director for 12 years, 1969 to 1981.

The CHAIRMAN. How long have you served in the Indian Health Service?

Dr. JOHNSON. I entered the Indian Health Service the last day the Bureau of Indian Affairs operated the health program, June 30, 1955, as a reservation physician in northern Minnesota.

The CHAIRMAN. So from the time the public health service took over, you've been at it?

Dr. JOHNSON. The day before they took over.

The CHAIRMAN. From your vast background and knowledge, I would like to have some clarification. I have been told by many tribal councils and other Indian tribes that the highest incidence of suicides among any ethnic group within the United States would be found in the Indian population. Is that correct?

Dr. JOHNSON. Well, it certainly is right up there with the best of them. It certainly has been. In the past it has been much higher than the general population level. That is correct.

The CHAIRMAN. What about tuberculosis?

Dr. JOHNSON. Tuberculosis still is higher than the general population, although that has been dramatically reduced. We closed our last tuberculosis ward in Anchorage about 15 years ago because we simply didn't have enough patients to maintain an active service. At the time of the transfer, my recollection is that we had 4,000

Indian patients with tuberculosis in hospitals, and about 4,000 on a waiting list. We had a 96- or 98-percent incidence of infected patients in the villages in Alaska, and Alaska was the place where we closed our last tuberculosis facility about 10 or 15 years ago.

The CHAIRMAN. But it is still the highest on a per capita basis?

Dr. JOHNSON. It is high, because once you are infected with the tuberculosis organism, you carry it through your entire life. We are going to have to wait until that generation that was just so totally seeded with tuberculosis passes before we can eventually get to the point of having it down to the general population level. But we are having now, again in Alaska villages, kids coming into school now that are not infected with tuberculosis, where at one time almost routinely they had already been infected by the time they arrived at school. But it is going to take a while for that population group to move through.

The CHAIRMAN. What about diabetes?

Dr. JOHNSON. We have identified the highest levels of diabetes that have ever been identified in any population groups in the world in some of the Southwest Indian tribes.

The CHAIRMAN. In the world?

Dr. JOHNSON. In the world.

The CHAIRMAN. Not just among America?

Dr. JOHNSON. No; in the world. Now, again, diabetes is not a universal problem with Indians. For example, diabetes is not a major factor in the Alaska Native. But for most of the groups in the south 48, as we call it, it is a major problem, and particularly in Southwestern tribes like the Pimas and Papagos, it is a major cause of morbidity and early mortality.

The CHAIRMAN. What about glaucoma?

Dr. JOHNSON. Glaucoma does not seem to be particularly difficult. We had something that sounded very much like that called trachoma, in which we would have as high as 96 percent of the kids in schools that had trachoma, which was an infectious disease of the eye which, worldwide, is the leading cause of blindness. Some years ago, Congress supported a special control program, and that has been brought down now where the incidence—the last I saw—as something like 2 or 3 percent, and only in some of the Southwestern areas where in the non-Indian community it is called desert eye. It is found in other populations, as well.

The CHAIRMAN. I would like to go on and on naming other ailments and diseases, but how would you rate the health of the American Indians in comparison with other non-Indian Americans?

Dr. JOHNSON. Well, you have to be a little bit careful, because this is a population that is really not a homogenous. We say "Indian population," and yet there are great variations among the various tribes.

The CHAIRMAN. I am well aware of that.

Dr. JOHNSON. In general, if you look at certain disease categories—that is where we always get in trouble, we talk in general and then somebody said, "but in my area, or in my State it isn't that way." But, in general, we still have excessive burdens of such things as infectious disease, and you talked about suicide, we have sort of a four-pronged problem. We have alcoholism and accidents and suicide and homicide, all four of which are part of the same disease constellation. That is probably the No. 1 burden that you have to carry in the disease processes in the Indian community.

Infant mortality, which at the time of the transfer was about 2½ times higher than the general population, is down now to about the level—just a little bit higher, perhaps—than the general U.S. population. And it is significantly lower than, say, the other minorities and the black population. Indian infant mortality is lower than the infant mortality of the black population. Infant mortality in the Indian population is lower than the infant mortality in the District of Columbia. Maternal mortality, the same thing. We have maternal mortality which is at the same level as the general population. So there are elements of real success stories in changing health status.

We are now finding ourselves facing the same kinds of problems, though, that the general population is facing—working with diseases for which medical science has not come up with simple answers. We talked about trachoma. We could deal with trachoma because there was an antibiotic that you could put in the eyes and it took care of it. You don't have an antibiotic to deal with diabetes. We have some good treatments, but it is lifelong treatment. And it is behavioral changes, lifestyle—I look at the major problems that Dr. Rhoades and his staff and the tribes face—they are really the kinds of illnesses that our lifestyle created, generated, and perpetuated. Those are the ones that the medical profession has not done a very good job of resolving. I would like to say we did all the easy things, the tough things are left for Dr. Rhoades and his folks to do now.

The CHAIRMAN. What would happen to these success stories that you just cited if this budget were accepted by the Congress? Would the success stories continue?

Dr. JOHNSON. Well, we mentioned a little bit earlier, it requires a certain type of individual who wants to go out and participate in this kind of health program, and want to be part of something that is making progress—good things are happening, things are going to get better, we can practice better medicine, our patients are getting better. What happens when the program starts to contract? This has happened before.

This is not a new phenomena, although I have never seen an attempt to reduce it by this degree. But we have had ups and downs over the years. What tends to happen is that staff gets discouraged, staff gets overworked, enthusiasm begins to fall off, folks start to leave, those that are left get tired and they get sick, then more people leave. You have sort of a toboggan slide of people just sort of going off out of the program.

To me the most important thing is not great leaps forward in the program. We would love to see that experience, but that is not realistic. To me what is most important is maintaining a steady course so that the tribes, tribal leadership, the community, medical staff, the health staff, in general, can say, "We are on the right track, and we are going to make it. We are going to be better each year, and each year, and each year." To me the most critical part of this whole process is to maintain. This is not just Indian health. We have got some other examples—public health practice in this country. We do this all the time in other things. We have a great immunization initiative, as we find out that we are having too many kids with measles or pertussis or something like that. So the Federal Government gets all cranked up and the States get all cranked up and we have a big immunization initiative. Any everything's fine—we have done this with venereal disease, we did this with tuberculosis, we are always doing something like this—then when things start looking pretty good, we say, "Gee, we don't need to do that anymore," we sort of let the program tail off we stop paying attention. The next thing you know we have another outbreak of measles someplace. You see?

What we ought to learn in public health, or in the people who fund public health, I guess, I think those of us in the profession understand, is that we have to maintain a steady course or we squander many times the progress that we have made.

My recommendation—at least let's maintain the course, because we are in serious jeopardy, I think, of losing the progress that we have made. We get a snowball effect.

Mr. Chairman, Indian people have been through that so many times. You always seem to want to do that. We have great interest in Indian affairs, and good things are going to happen, people get their hopes up, and then the rug is pulled out from under them. How many times do you get up and say with enthusiasm, "Let's do it again"? It gets to the point where they say, "What's the use? It will never happen." We create a self-fulfilling prophecy that nothing good is going to happen here. We can't allow that. We have good leadership, I believe, good leadership in the Indian community. Its leaders understand that you have got to work within the system. We can't get everything done overnight. But we have got to continue to have some at least modest progress, or the whole thing is going to unravel again and we are going to lose the gains that we have made. I mean that very sincerely.

The CHAIRMAN. Senator Melcher.

Senator MELCHER. Thank you, Mr. Chairman.

The chairman has mentioned suicide and TB incidence, as well as diabetes. We could add to that alcoholism and infant mortality, plus 22,000 Indian homes recently constructed still without water and sewer facilities that are adequate. Well, in the face of all this, this budget recommendation is going to cut hospital and clinical funds would be cut, and then contract care to other hospitals would be cut at the same time. Simultaneously they would both be cut $100 million between the two of them. You could say, well, maybe we don't need so many—maybe we could cut back on our own IHS facilities because we are going to go for contracting. But, no, we are not going to do that, we are going to cut them both. Then on the physicians in IHS—its deficient now, and it is going to be a whole lot worse. And what do we get in a testimony coming up, Dr. Rhoades testimony, we are going to substitute Blue Cross and Red Cross. That is the first time I have ever heard that suggestion. Blue Cross and Red Cross substitute for IHS. I don't know how that would work.

Mr. Chairman, I want to suggest several things. First of all, we have, I think, almost every Congress—sometimes every year—held specific oversight hearings on Indian health, and it is even more critical that we do so now. I like the part of your testimony, doctor, where you advise us the least we can do—well, the least we can do is, just as you said, maintain current services. I am recommending that that is the least that we do, Mr. Chairman.

And then I think we need a separate bill and a new approach to recruiting physicians for IHS. We are very timely, this is dated February 4, that Dr. DeOrtube of our staff, gives us this whole report on what the needs are for IHS in terms of doctors, and makes several suggestions—one of which is something that needs to be discussed with IHS people—on how to recruit physicians into IHS. It simply isn't working now. There is no incentive to serve in IHS, and the numbers are going down precipitously to where in 2 years from now there will be some facilities that wouldn't have physicians.

Emery, I think you are right about this idea of why do physicians want to serve in IHS when the facilities are declining, all the programs are declining, they want to get out. It is almost as if to remain you would have to forget about your Hippocratic oath—you wouldn't be able to fulfill it.

Finally, Mr. Chairman, it is my sincere hope that IHS, Dr. Rhoades, will participate in a constructive way in telling us what is needed, rather than folding in the figures to meet some budgetary goal—that is a goal of cutting. This won't work. The needs are greater, they are not less, and we have a responsibility to make sure that those needs are met.

I really thank you, Emery. Your testimony is excellent——

Dr. JOHNSON. Thank you.

Senator MELCHER [continuing]. And it comes from experience—dedicated experience, and we can do no less than follow your recommendation, I feel.

Thank you, Mr. Chairman.

The CHAIRMAN. I wish to assure my distinguished colleague that as chairman of this committee I intend to get involved in this health service problem in much greater depth. We will be conducting oversight investigations and hearings just on that area. And furthermore, if it is your wish, I would be very happy to have this report of the good doctor made part of the record.

Senator MELCHER. I thank you. I think it would be helpful.

The CHAIRMAN. Without objection, so ordered. And I will be submitting to Dr. Rhoades the testimony of Dr. Johnson, and requesting a line by line response for your recommendations, for you indictment. So, with that, Senator Daschle.

Senator DASCHLE. Thank you, Mr. Chairman.

I certainly share the view expressed by the Senator from Montana with regard to this budget and the budget in particular as it relates to Indian health.

I think that this country is in dire need of leadership at the Presidential level with regard to health and education on the reservations, and certainly you have addressed that very eloquently, Dr. Johnson.

Virtually, I think that in the last couple of years in particular as I have witnessed the denigration of opportunity and appropriate care in both health and education, there is no question but that what Senator Melcher has suggested about the need for some continuity is evident, virtually, at every stop.

I think it is an outrage to see what we have seen in health care in South Dakota. It is an outrage to see, as the President is proposing, the kinds of cuts in education and health care right on down the line. I think that it is contrary to virtually every commitment we have made with regard to providing the strength both in health and in education that is so imperative at this juncture.

Rather than go through a myriad of different questions, let me just hone in on one specific area of concern for me, and that is the area of alcoholism and drug abuse prevention. What was your view of the alcohol and drug abuse prevention legislation passed by the last Congress?

Dr. JOHNSON. Well.

Senator DASCHLE. In brief, I know that——

Dr. JOHNSON. I believe it is an important step, one that has been long overdue. My only caution, Senator Daschle, we have got to be careful that we don't think that there are simple simplistic solutions to the problem of alcoholism. One of our problems is going to be the expectations on the part of many people that now we have a alcohol drug abuse omnibus bill, and miracles are going to happen. They will not happen. It is sort of like we talked about the recruitment and retention of physicians—it is not a single gimmick, kind of, or one effort. It has got to be looked across the entire board. We have got to look at the reservation level. For example, what is the substitute for the drinking society? It is not just education and it is not just rehabilitation—prevention, but how do you prevent? What is the alternative?

Years ago, Dr. Karl Menninger was with us up on the Fort Apache Reservation in Arizona—I will never forget the discussion we had, and Dr. Karl's comment was simply that. What is the substitute for the drinking society? It is not something that is fixed by doctors or teachers. In a sense when we call it a disease we may be creating more problems than we cure, because then it allows everyone else to sort of dump it over on the doctors. We can cure your trachoma or TB or something, but doctors don't have much, really, to contribute—it is a community kind of process.

That is part of what I am getting at here when I talk about maintaining some kind of stability and commitment and continuity, so we don't have these terrible swings of hope and desperation, so that leadership that is created can be comfortable that they can work on and that they can be carried to completion. We have got to recreate that sense of hope of self-reliance, that we are worthy. Those are the things, Senator, that—and legislation in and of itself does not do that. It——

Senator DASCHLE. I agree with that, I think. My concern——

Dr. JOHNSON. It is an important tool.

Senator DASCHLE. Yes; my concern is that I think IHS historically has really disavowed responsibility for treatment of alcoholism and drug abuse. I view it as, certainly, as a responsibility that goes way beyond the purview of Indian health. But it would be foolish for us to ignore the fact that alcoholism, in particular, is responsible for a large percentage—an overwhelmingly large percentage—of medical difficulties that are now being experienced. And, yet, throughout recent years the relative amount of budget allocated in

IHS to alcoholism and drug prevention is very minute. What is it, less than 2 percent?

Dr. JOHNSON. Probably.

Senator DASCHLE. Something less than 2 percent. My question is: if that is the case, given the administration's commitment, the congressional commitment, to deal more forthrightly with alcoholism and drug abuse prevention, what prospects are there for making any headway with the budget that is now being proposed?

Dr. JOHNSON. You talk about the administration commitment. Where is the commitment in the 1988 budget request? That is my point. We can't have this. We have a big fuss about alcohol and drug abuse—one fall—and by spring we are onto something else. And that is not the way that we are going to deal with this. I am not arguing the point of what the medical profession ought to be contributing. I am just saying we have got to be careful that we understand that it has got to be a broad commitment across the entire community, and in the communities we are working at we need to have commitment for continued governmental support—not direction, not dictation, but support. Because my belief, Senator, is that the solutions are found community by community, not nationally and then passed on down.

Senator DASCHLE. I couldn't agree more. I think that this administration, more than any in my memory, has had sort of a Baskin-Robbins approach to government, and that is, a flavor of the month. We had the issue of the month last October, and that was drugs. Now the issue of the month is catastrophic health insurance, and who knows how long that will last. The flavor of the month will change, certainly, in March, and into April, and into May. Your point about continuity, your point about commitment and long-term relationships needs to be made over and over again. I appreciate your comments.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Dr. JOHNSON. Mr. Chairman, I'd like to make just one last comment. The success of the program and its ability to maintain itself with these—we really have to lay the credit where it belongs, and that is on community leadership, both in tribal government and in the general community, and in those health staff people, both Indian Health Service and tribal health—doctors, nurses, and other folks—who have been willing to put up with a lot of problems that they didn't need to have to try to maintain it because they care about the people and they believe in what they are trying to do.

My plea to you was we need to support folks. They need to understand that somebody up here cares. I can tell you from my personal experience as a director that the one thing that gave us courage year after year, and our staff, was the knowledge demonstrated that the Congress did, in fact, care. When no one else cared, the Congress cared. You've done this for over 30 years and never waivered, and that is what gives me my confidence that we are not going to go backwards, we are going to at least maintain and continue to move forward.

The CHAIRMAN. Dr. Johnson, I thank you very much. On behalf of the committee I thank you for your contribution.

May I assure you that your words will be seriously considered.

Dr. JOHNSON. Thank you, Senator.

The CHAIRMAN. I believe I can safely say that as far as this committee is concerned, we will not only maintain the current level services, but you certainly can count on increased appropriations for just about every program.

Dr. JOHNSON. We appreciate that, Senator.

The CHAIRMAN. Thank you very much, sir.

Our next witness is the Director of Indian Health Service, Department of Health and Human Services, Dr. Everett Rhoades.

I bring you greetings from the members of the Kiowa Tribe, sir.

STATEMENT OF DR. EVERETT RHOADES, DIRECTOR, INDIAN HEALTH SERVICE, DEPARTMENT OF HEALTH AND HUMAN SERVICES, ACCOMPANIED BY MR. JOHN KELSO, DEPUTY ADMINISTRATOR OF HEALTH RESOURCES AND SERVICES ADMINISTRATION; AND MILBURN ROACH, ASSOCIATE DIRECTOR FOR ADMINISTRATION; AND BILL PEARSON, ASSOCIATE DIRECTOR, OFFICE OF ENVIRONMENTAL HEALTH AND ENGINEERING.

Dr. RHOADES. Oh, thank you so much.

Mr. Chairman, and members of this committee, I am Everett Rhoades, the Director of the Indian Health Service. I am accompanied today, on my far left, by Mr. John Kelso, the Deputy Administrator of Health Resources and Services Administration; and on my immediate left Mr. Milburn Roach, who is the Associate Director for Administration and Management of the Indian Health Service; on my right, Mr. Bill Pearson, the Associate Director of the Office of Environmental Health and Engineering for the Indian Health Service.

I consider it a personal privilege and an honor to appear here, particularly following the distinguished appearance of the gentleman that I regard as my mentor, the person who played, I believe, a greater role in me joining the Indian Health Service than anyone else. Dr. Johnson, as you correctly pointed out, through his career as Director of the Indian Health Service at the time he retired, spanned one-half the period of the transfer time of Indian Health Service from the Department of the Interior to the Public Health Service.

I am touched by his tribute, appropriate, to the thousands of Indian and non-Indian employees that are scattered across the United States at this moment ministering to the suffering of Indian people, which is the sole reason for being of the Indian Health Service.

I have a prepared statement. I would like to summarize just a few points, if I might.

The CHAIRMAN. Your prepared statement will be inserted in the record immediately following your oral presentation.

Dr. RHOADES. It is worth reiterating, I believe, that the goal of the Indian Health Service remains to raise the status of health of Indian people to the highest possible level. In order to do that we have a three-fold mission. First, to provide and/or assure the availability of high quality, comprehensive, and accessible health services. Second, to provide increasing opportunities for Indians to manage and operate their own health programs. And third, to serve as a health advocate for Indian people.

Since the transfer of the Indian Health Programs from the Department of Interior to the Public Health Service in 1955, as has been pointed out, also, by Dr. Johnson, the health status of Indian people has, indeed, improved dramatically.

Infant mortality in that period of time has declined by 85 percent, an unequalled improvement in the United States. And infant mortality of Indians as of this year exceeds that for the rest of the population in the United States.

Maternal mortality of Indian women is better than that for all races in the United States, in spite of the fact that the risk factors faced by Indian women are sevenfold greater than for the rest of the population.

Life expectancy of Indian people during this period of time has improved at a substantially greater, faster rate than for the rest of the population, and if this trend continues, the life expectancy of Indians will equal or exceed that of the rest of the population by the turn of the century.

The immunization status of Indian children of school age is the best of any comparable group in the United States, exceeded only by military recruits.

Indian Health Service, as a result of its comprehensive and community based approach, greatly under the stimulus of this committee between 1984 and 1986, successfully controlled the largest outbreak of Hepatitis B in the Western Hemisphere so that the incidence rate now of new clinical cases of Hepatitis B in Alaska Natives is less than that for the remaining Alaska population.

Tuberculosis, already been alluded to, has declined almost 100 percent in this period of time. Pneumonia and other acute respiratory diseases, accounting for a high number of deaths of infants and children, declined by almost 90 percent during this period of time. Hospital admissions have increased over 100 percent in that period of time, and ambulatory care visits, reflecting access for Indian people, has increased almost hundredfold. Dental care has increased hundredfold in that period of time. The rates for alcoholism, suicide, and accidents, appropriately pointed out as being unacceptably high, in fact are declining.

There is a great deal that is good about the Indian Health Service, and there is a great deal that is, unfortunately, too widely not recognized as representing certain approaches to health care unequalled in the world.

The budget that we are considering today, Mr. Chairman, reflects the Indian Health Service contribution to the efforts to reduce the overall Federal deficit. It has been put together after serious and thoughtful consideration of the Indian Health Service programs, and is the result of a series of difficult choices between many competing priorities.

I and my colleagues will be please to attempt to answer any questions that this committee may have in relationship to the budget.

[Prepared statement of Dr. Rhoades appears in the appendix.]

The CHAIRMAN. Thank you very much, Dr. Rhoades.

As I indicated earlier, I would like to have you respond to the statement made by your former colleague.

Dr. RHOADES. We will be most happy to do so. Yes, sir.

The CHAIRMAN. Some of the observations I think constitute an indictment, and the recommendations are rather compelling ones, and I would most certainly welcome your response and let us know how you feel about Dr. Johnson's statement.

Do you believe that, with the budget that you have approved and submitted, this trend that you spoke of—the trend of improving the status of health among Indians—will continue, or will stay at the current level, or decline?

Dr. RHOADES. Mr. Chairman, it is our intention to do everything within the power of the Indian Health Service to see that those trends do continue.

The CHAIRMAN. Do you believe that with this budget proposal it will continue?

Dr. RHOADES. I am unable to say that it will not.

The CHAIRMAN. But you are not able to say that it will?

Dr. RHOADES. I believe it would perhaps be premature to render that judgment at this moment. It is certainly not our intention that——

The CHAIRMAN. What if we maintain the dollar figure that you had in the prior fiscal year? In order words, if we restore all the cuts that we, the administration recommended, would you then say that it will continue, decline, or improve?

Dr. RHOADES. I believe the same reluctance to offer a judgment in that case stands, because I don't know what the future holds. I could only reiterate that it would be our every intention that those rates of decline do continue.

The CHAIRMAN. You are telling me that if we restore the cuts that you are suggesting, improving your facilities, adding personnel, providing better training, that the status of health among Indians will not improve?

Dr. RHOADES. No, sir; I do not mean to say that.

The CHAIRMAN. Why are these reductions not being taken from budget activities that will not directly affect the number of health care services that can be provided to Indian patients?

Dr. RHOADES. I am sorry, I didn't quite understand the question, Mr.——

The CHAIRMAN. In any budget proposal, you have money set aside for administration, money set aside, in this case, for direct services to patients. My analysis would suggest that percentagewise, most of the reductions are hitting those activities that will directly affect the health care services that will be provided to Indian patients.

Dr. RHOADES. Yes, sir; the rationale for the reductions in those categories, I believe, results from the fact that those basically are the largest categories of expenditures within the Indian Health Service services budget, that is hospitals and clinics, and the contract health services category.

The CHAIRMAN. You have just mentioned contract care. What plans do you have to compensate for the loss of health care services in those areas that are now completely dependent upon contract care. Now, you wipe it out, how are you going to make up for it?

Dr. RHOADES. We are going to examine very intensely the care that is given in our direct facilities first, because we do not resort to contract care, basically, unless we have attempted to give care in one of our facilities, with certain exceptions in certain parts of the United States—and have been unable to do so. I want to ensure that cases are not referred for contract care that indeed could be adequately cared for in our facilities.

In addition, we have undertaken efforts to maximize our ability to achieve savings through the purchase of care through what has come to be identified as our physical intermediary project, which is not quite an accurate description of that activity.

Over the past several years a number of people in and out of the Indian Health Service have observed that, in fact, Indian Health Service is one of the few payors for private care who pays for full billed charges. We had done that historically because we did not want to place the Indian patient at jeopardy for any remaining portion of the bill that might be submitted by a private vendor. We believe that the adoption of a policy that says that before we will engage in business with the private contractor to deliver health care, that contractor has to enter into an agreement with us prospectively, and part of that agreement has got to be that the charges that are billed for will not be reimbursed at rates that are greater than the rates for Medicare and Medicaid. We believe that that will save a substantial amount of money, and thus permit us to buy more contract care.

There is a second benefit to derive from that payment policy. That is the utilization of a physical intermediary. Part of the services that we will purchase from that physical intermediary are what are called case management control. That is, it is now clear in the last several years that the error rate in billing by hospitals for care rendered in the hospitals, has—the error rate may be as high as 30 percent. The fascinating thing is that the error almost always occurs in favor of the hospital, not randomly distributed, and in the past Indian Health Service has not had the expertise to control that. The physical intermediary will examine every claim with a view to eliminating those errors, and hence provide us an additional savings which, again, will be used to purchase additional contract care.

The CHAIRMAN. A few days ago I visited several Indian tribes in the Pacific Northwest. One of the tribes that I visited was the Makahs. They are located in the furthest northwestern point of the United States, a rather isolated area. There is one road that connects this tribe with the rest of civilization.

At the present time the U.S. Air Force is in the process of closing up its activities there. They have a facility manned by approximately 120 persons. As a result of the presence of the U.S. Air Force, the health services there have been upgraded. There is an obvious concern and fear on the part of the Makah Indians that when this is phased out—and it is going to be phased out by June of next year—the health services would come down accordingly. The tribe is not a large tribe. I think before the Air Force came in they had a paramedic there. In fact, a few years ago—less than 1 year ago—there was a massive landslide that covered the road, and as a result they could not transport a person who required emergency services. There was no doctor and naturally the patient died. Now that the Air Force is leaving, what sort of health care service can the Makah Indians count upon?

Dr. RHOADES. Well, I am not prepared to answer that spontaneously at this moment. We will certainly take into account as we allocate resources to the various areas the fact that that resource available to them is no longer there, and we will make every effort to make that increase deficiency up.

The CHAIRMAN. In a case like that, I would think that the budget might be part of a total picture, which provides so much per capita, but you can't treat the Makah Indians on a per capita basis. They are out in the boondocks all by themselves with one road to connect them to Seattle. There is one little airport that I landed in, but I would not recommend that others do. [Laughter.]

The Indians cannot afford chartered aircraft.

I hope that you will look into this matter very seriously and see what you can do in anticipation of what is bound to happen. The number of people stationed at this facility will drop from 120 to 6. So you can imagine how the health services will drop precipitously.

I have many other questions, doctor, that I would like to submit to you for your consideration and response.

Dr. RHOADES. We would be very happy to respond, sir.

The CHAIRMAN. Senator Daschle.

Senator DASCHLE. Thank you, Mr. Chairman.

I only hope that I can demonstrate the same deference to our witnesses and to this particular witness as you have. You offer great example for us who have just come onto the committee.

I, frankly, feel very frustrated with the glowing report that we have just received, as it conflicts so dramatically with the fact. Before I illustrate with a couple of questions that frustration, let me clarify a statement made by the witness with regard to infant mortality.

Your statement was that infant mortality on the reservations now exceeds that of the general population. You praised it in such a way as to, I assume, imply that it is better than the general population. Could you elaborate a little bit ahd perhaps offer some statistical evidence to that.

Dr. RHOADES. Yes, sir; one of the very persistent popular misconceptions is that the mortality rate of Indian infants is dramatically greater than that for the rest of this country. For the last 3 years that has not been true for neonatal mortality—that is, an Indian infant born in an Indian Health Service facility in the first 28 days of life has a greater chance of survival than does the rest of the population.

Senator DASCHLE. But, generally, as we compare relative data with regard to newborn, the mortality figures are taken into account for the first 12 months, are they not?

Dr. RHOADES. That's correct.

Senator DASCHLE. And if they are taken into account for the first 12 months, how do Indian children compare with that of the general population?

Dr. RHOADES. That was the point that I made in my opening statement, that as of data collected this year, which represents 1983 as a central year for us, the infant mortality rate for Indians and Alaska Natives was 10.2, the infant mortality rate for the rest of the population at that time—or even since then—is nearly 11. The rate is better. The survival rate of Indians under one year of age now is better than that for all other infants in the United States under one year of age.

Senator **Daschle**. You had mentioned the life expectancy of Indian people as improving. What is the life expectancy as of today for an Indian male?

Dr. **Rhoades**. The life expectancy is an index of the expected years of life at the time of birth. In 1950, the life expectancy for both sexes of the American Indians and Alaska Natives was 60 years as compared with 69 years for both sexes of the U.S. white. It would be somewhat different if, instead of using U.S. white we would use all population, but that illustrates the point.

By 1980, 30 years later, there had been an increase for the white population from 69 to 74 years—that would be 5½ years, it looks like about a one-twelfth rate of increase. For Indians it went from 60 years to 71 years, a rate of increase of about one-sixth. So the rate of increase is at a steeper curve.

I realize that one should not force conclusions from this, because the rate of increase of Indians should be higher starting at a lower base, and the rate for the rest of the population at a higher level is going to be slower. But if one draws a graph of these projections, provided nothing changes, the life expectancy of Indians will exceed that of the rest of the population.

Senator **Daschle**. That is an excellent point—provided nothing changes. Let's just look at what has changed, if the President's budget is accepted.

What has changed is that we will see severe cuts in programs that have the most direct impact on patient care—hospitals and clinics—an 11-percent change. Remember, you just said, "Provided nothing changes." The contract care—minuses 24.5 percent—"Provided nothing changes."

You have just suggested in your proposal, and this President's budget, that we completely eliminate the scholarship program for physicians. "Provided nothing changes." You have just proposed that we reduce by $57 million the availability of IHS facility construction. "Provided nothing changes." You are proposing in this budget that the National Health Board be eliminated, phased out ultimately. And that second the Board, which you propose be phased out, cut some 33 percent in Indian health manpower.

Now are you telling me that with the cut in manpower, with the cut in construction, with the termination of scholarships available to physicians, with the dramatic cut in direct and contract care nothing is going to change?

Dr. **Rhoades**. That was why it was not possible for me to answer Mr. Inouye's similar question that you just rephrased.

Senator **Daschle**. Well, I can see why it wouldn't be possible. How could you answer that? I don't care if I give you 3 months, you can't answer that. So, take a guess at what your answer might be.

Dr. **Rhoades**. I am not sure that a guess would be particularly helpful for the committee, and I am not sure I would want to be held to a guess.

Senator DASCHLE. I don't mean to--as I said in the beginning, I want to show you and all of our witnesses the deferences that you certainly ought to be given, and I—but it is frustrating. How in the world can anyone come before this committee and make those kinds of statements, and then take any responsibility for what is being proposed in a budget like this?

I just—and I know that I have taken far too much time, here, but let me just—I would just be curious to hear your rationalization as to why, given the incredible difficulties that we have with regard to physicians—getting physicians, maintaining Physician Corp in ths IHS—why in Heaven's name would we propose terminating the Physician Scholarship Program?

Dr. RHOADES. The rationale for the budget selections that have been handed down to the Indian Health Service, as I pointed out in the opening statement, reflect a series of very difficult choices of competing priorities as part of the effort to reduce the Federal budget.

Senator DASCHLE. So in essence what you are saying is the administration feels there are other priorities more important than a scholarship program for physicians?

Dr. RHOADES. The answer to that has to be yes.

Senator DASCHLE. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Doctor, I have had the privilege of serving in the Congress now for just about 28 years, so I am well aware of the horrible pressure that is placed upon you as a director of this service. You are told by your Commander in Chief that cuts have to be made, and these are the marching orders. Am I correct to assume, however, that you did fight to maintain the present level of services, or did you just roll over and play dead?

Dr. RHOADES. No, sir; the degree of kick in the Indian Health Service is subject to judgment, I guess, like a lot of other things. But in the preparation of the budget for the Indian Health Service on the part of Indian Health Service, as I understand every year even going back to Dr. Johnson's distinguished tenure, that budget preparation is built upon a reflection of current services and the need to make certain additions for certain programs. Each year the Indian Health Service prepares such a budget and submits it with what we believe to be the most persuasive arguments that we can make for those changes.

The CHAIRMAN. Just one more question, because I think I owe it to those I visited during this last trip. One of the reservations that I visited was the reservation of the Yakima Indians. When I visited them I was reminded of the activities in the Congress during the past 6 years where we have continued to appropriate moneys for construction of health service facilities, where we directed the Department to spend these monies for repair and renovation of deteriorating facilities and for the construction of hospitals and clinics. You have come forth with your recommendation that for the last 2 years that these funds be rescinded. Well, at the Yakima Indian Reservation, when I toured the outpatient clinic, it was obvious to me that this outpatient clinic was strained beyond its capacity, and it would be an understatement for me to tell you, in case you didn't know, that there is more than a year's waiting list for dental services.

I suppose one could say that you can put a dental chair out in the hallway and carry on, or put it in a fire station, but why do you continue to refuse to carry out the Congress' directive to build and repair these facilities?

Dr. RHOADES. Mr. Inouye, the answer remains the same. There is no question of the need for an expanded outpatient facility at Toppenish. The budget decisions that were made ranked that at a lower priority in respect to other services and activities within the Indian Health Service.

The CHAIRMAN. Would you object if we disagreed with you on your recommendations on rescission?

Dr. RHOADES. I am not sure I would be in a position to object, and if I were, I am not sure I would. It is our intention to carry out the wish of our Congress every year.

The CHAIRMAN. But yet you did not spend the money.

Dr. RHOADES. That's correct.

The CHAIRMAN. So you are not abiding with the intent of Congress.

Dr. RHOADES. The funds for design of that facility will continue. My recollection is that request will coming to Congress to consider rescission of funds for construction, which I suppose is another way of asking Congress to reconsider that question.

The CHAIRMAN. Senator Evans?

Senator EVANS. Let me continue using that of an example of a much broader concept. I presume it is accurate to say that the Office of Management and Budget told you to not spend the money and to ask for a rescission. Is that correct?

Dr. RHOADES. That is correct.

Senator EVANS. Wouldn't you assume that when the President has submitted a budget to Congress, Congress has gone through the whole process of appropriations, has sent the Appropriations Act to the President, and the President has signed it, that that represents a contract that all sides have agreed to—the Members of Congress, who by majority vote have voted for it, and the President, who by his signature has approved it?

Dr. RHOADES. I have heard that rationale presented last year as a response to proposed rescissions.

Senator EVANS. To go beyond that, there is always the opportunity, more than this President has used, to try to slow down spending when they felt that spending was getting out of bounds or beyond the budget that was signed. But in this case, again, just using this as an example, I think that I am accurate in saying that for at least 3, and perhaps 4 years, there have been special provisions repetitively in the budget requesting that this new appropriation and the new construction be carried out. How many times do we have to do it before it—it just appears to me that the Office of Management and Budget, and that has to be the representative of the administration, is just arrogantly and totally denying repeated requests, not just one, but multiple requests. How long does it take before the will of Congress can be carried out?

Dr. RHOADES. I cannot answer that, Mr. Evans.

Senator EVANS. Well, don't think Mr. Miller can answer that, either, but he would be the appropriate one to ask. But it increases the frustration level here, and I speak as one who was a chief executive for a good many years and know a little bit about the relationship from the other side of the fence, both at the State and the Federal level. The oath of office and the Constitution says we are to "faithfully execute the laws," and an appropriation act is a law, as far as I know. It is subject to the modifications that are suggested when emergencies require them.

I don't see how we can get an act passed and have it carried out if it is continuously and deliberately ignored. It is not something that you can respond to, but I think that maybe you can respond in this fashion. Knowing that these are budgetary-driven cuts, and that you were asked, or ordered I presume, to produce your share of those cuts, could you for the committee—or would you be allowed by the administration to provide for the committee a prioritization of where you would replace funds if the total amount of money to be given for this purpose were to be increased by 10 percent, and by 20 percent.

Dr. RHOADES. We would certainly be happy to prepare such a response.

Senator EVANS. All right.

Dr. RHOADES. It would require clearance through the Department, like all responses would be.

Senator EVANS. I am sure that that is true, but I would make that request, Mr. Chairman, that we have that so we could see what your priorities are. And I hope that they would be as delivered back to us, not OMB's priorities, but your priorities in what you would do if additional money was given. And to make the picture complete, what if 10 percent were taken from the current level budget you have submitted. Where would you make the necessary cuts in order to fit within that new level of budget.

Dr. RHOADES. Yes; I understand. I must say that all of the prioritization respecting facilities renovation and construction, indeed, have been the Indian health services.

Senator EVANS. Good.

[Information to be supplied appears in the appendix.]

Senator EVANS. If we try again, or if rescission is denied—and I think Senator Melcher mentioned that he thought the chances of rescission being adopted were pretty slim, and I think I would join with him in that feeling—so you have got the fiscal year 1987 funds for facilities construction. If rescission is denied, then what happens? Would it be possible—and assuming we continue to make sufficient funds available in fiscal year 1988—would it be possible to complete the Toppenish Clinic in this fiscal year?

Dr. RHOADES. Let me ask Mr. Pearson to look at our projected chart. I believe we can answer that. Your question is: Could the construction of that particular clinic be completed in fiscal year 1988?

Senator EVANS. Yes.

Mr. PEARSON. Sir, the design contract has been awarded by the Yakima Tribe for this particular facility. It will take approximately 6 to 12 months for the design to take place. At that time the tribe will be in a position to go ahead and award the construction contract.

Senator EVANS. They will if they get the money released.

Mr. PEARSON. If the rescission is not approved, the Congress did appropriate $850,000 during fiscal year 1987 to initiate site work, utilities, water storage contracts, etc. The tribe is making arrangements based upon the appropriation of the money to commence construction of that phase I in September, so they do anticipate—the tribe does anticipate starting construction in September if the rescission is not approved.

Senator EVANS. Well, previous rescissions were proposed on the design funding, so the tribe couldn't even award design funds until we banned the rescissions that were made on those funds. That's why I think it ought to be made clear that it has not been a delay on the part of the tribe, it has been the impossibility of getting the funds to move along in any respect.

The CHAIRMAN. Senator Evans and I have made a solemn promise to the members of the Yakima Nation that this hospital will be constructed, so I think you can count on that, sir.

Dr. RHOADES. We would be very happy to work——

The CHAIRMAN. I realize that it has been rather difficult responding to some of our questions. As I indicated earlier, the committee would like to submit questions to you for your consideration. We thank you very much.

Dr. RHOADES. Thank you.

The CHAIRMAN. Our next witness is Ms. Susan Weryacke, the president of the National Indian Education Association. However, I would like to call a short recess because we have a vote pending. We will be back in about 10 minutes.

[Recess.]

The CHAIRMAN. The committee will please come to order.

Our next witness is Ms. Susan Weryackwe, president of the National Indian Education Association. Welcome to the committee, we are pleased to receive your testimony.

STATEMENT OF MS. SUSAN WERYACKWE, PRESIDENT, NATIONAL INDIAN EDUCATION ASSOCIATION

Ms. WERYACKWE. Yes; thank you very much. It is an honor to be here.

I would like to thank you very much for the opportunity to testify in regard to the fact that I represent the National Indian Education Association.

I was up here recently with people as far as the other NCAI and National Tribal Chairman's Association, and various tribes, because we were concerned about the BIA initiative. To us that was a crisis. There are quite a few things that we would like to address in that regard.

Primarily I was asked to address the committee in regard to title 4 Indian education on eligibility criteria, as well as the proposals to look at the Indian control schools in reallocating the funds there.

I would like to go ahead and probably summarize the best I can, but relate my thoughts in my testimony in regard to the Indian people's position on these matters.

I believe a lot of Indian folks are quite pleased with your chairship and the rest of the Senators that are serving on the committee, because they seem to be very familiar with Indian people's concerns, and that is hope for us that things will be moving in a more positive and rightful direction for Indian people.

It seems to be more apparent that Congressmen are aware, because they have heard Indian people speak of it so often about our sovereignty and the trust relationship that we have with the U.S. Government, and hopefully my statements will reassert that, because I feel like Indian people had asked some questions earlier about the Assistant Secretary's position on where do tribal nations fit within the United States. Of course, a lot of us have some definite opinions on that. To begin with, I am a Pawnee Indian, and I am also Choctaw. That is my heritage, that is who I belong with, but I am also a U.S. citizen, and very proud of that, and I wanted to remind the committee that we, as American Indians, have only been U.S. citizens for 63 years in recognition that we were granted that by Congress in 1924.

We have a long history in our relationship with the U.S. Government, and Indians have fought as allies with the Americans, English, and French and so forth, but we also have a recent history in our struggles with the American Government and manifest destiny as we recognize and how the land and the Nation has grown.

In recognition of the spirit of Indian people, it was our right to look after ourselves, and to fight for our protection, our properties, and our rights. That is history, and we have new trends. Politics is always a part of it, and that will continue. From my understanding in growing as an Indian educator myself, it is very fascinating to look at history and to look at our Government and to see how things have transformed over decades.

I just hope that Congress and the administration can give us due recognition for our very unique status as Indian people and American citizens, but it should be understood that American Indians do represent their tribal nations throughout the country, and we do uphold our sovereignty. We also expect the three branches of our Government to uphold the promises that have been made to Indian people through treaties agreements. I presently am working on a Ph.D. at the University of Oklahoma in Norman, and it is Indian education policy that is what I will be doing my research and dissertation on, so it is of very keen interest to me. Also as the current president of NIEA I believe can bring knowledge to the association and all peoples.

We see that American Indian policy has undergone quite a few changes, and I am not even sure how many Congressmen take a deep look at it historically, being aware that there were Indian wars, that there was Indian removal, that there were Indians placed on reservations, relocation, all phases of Indian policy have affected us. Now, with this century, looking at our citizenship, the Indian Reorganization Act, and Johnson-O'Malley Act coming about in the 1934's, and then with title 4 and 72 it was very promising to Indian people to be able to have these kinds of benefits granted us to help develop our lives.

The irony of it now, though, is that title 4 seems to be becoming more and more diminished in its benefits to Indian people in the sense that we recognize we have budget cuts to deal with, but we also had hoped that title 4 could have been exempted from the Gramm-Rudman-Hollings Act. We understand—the Indian people were told—that it was going to be until about the night before. We would still want to address Congress to consider the fact that, as Indian people, based on the U.S. treaty laws and everything, that we feel that this is still our right, and we would still like to go ahead and see that effort made.

In listening to the BIA position this morning, it is evident that the Department of the Interior has been lessening its role in education. I know that I got a lot of my education from BIA grants, and when I was going to school in the earlier days I am sure that there were a lot of other Indian students, maybe thousands. I saw a BIA report that said they are funding 250 students, and I can just see that as a drastic cut. And it keeps going down anually.

It is just now with the transfer to the States—this brings forth a critical issue and I recognized it because when our new chief executive became an officer he said he wanted to promote federalism. Through his terms I see that that has been reinforced and reinforced. This is what I believe that the BIA initiative and a lot of the other moves, like with the IHS as well, are dealing with is the concept, or even the political moves, of federalism. It needs to be understood that tribal people must stand opposed to this because of the whole nature of what our stand is as a government-to-government relationship, and our sovereignty cannot be overridden by States. That is what I see federalism as, a State's rights, a State's supremecy. The BIA initiative—it almost seems like just close down BIA schools and turn them over to the States, because that was the initial indication. Then there was a restatement on that fact that said, "No, we will approach the tribes first." Tribal people, Indian people, are not really sure about these kinds of things occurring so quickly. We want to be able to have time to think these things through, to look at them legally, the policy parts of it, the appropriations are critical to us also, but I believe that Congress should also address the need to—I guess its evaluation and impact studies and things of this nature to see just how these Indian education programs are progressing and what kind of differences they are making.

I feel like the Indian education legislation and appropriations that have been hitting Indian people as of lately, the past few years, are jeopardizing us and our lives and we feel that we deserve more out of the American Government.

We also view this as it has been said in the press and politicians, that it is a dismantling of Federal agencies. The educational agencies are being very targeted, like the BIA and the U.S. Department of Education—I can see both of these departments being hit pretty hard.

Some of the congressional justifications that I have read—they want to change the provisions as well as the budget cuts. I am really concerned about this because I wonder about the role and the assurance the Indian people can have with regard to Indian policy because I see a lot of things occurring that are done legislatively, or maybe even Executive orders can do some things, but legislatively there is quite a bit done, and I guess throughout the Federal agencies. It is all a complex network, but it is some definite concerns.

We feel that some of these drastic policy and appropriation changes are detrimental to the inherent rights of American Indians, and that we would want the United States to reaffirm and assure us that our rights and protections will be continued in behalf of the Government working for us.

We do see the BIA as established to maintain Federal trust responsibility. That we would hope would remain intact. That is that one agency. The other one is the U.S. Department of Education, which also provides statutes and regulations designed with Indian self-determination, Indian preference, and the promotion of educational opportunities for our Indian students. We would like for these provisions within both agencies to be fulfilled instead of—the Indian view of looking at what has been happening is that it is an attempt to terminate critical responsibilities. I do see that the Indian Education Act also has been undergoing some increasing changes of policy. This is what I needed to address today, the Indian control school.

I am quite curious that when those rules and regulations were first written up, Congress must have had a reason for designating Indian control schools with a 10-percent set-aside. Now, based on the projected justifications for the 1988 budget, it seems like the U.S. Department of Education is saying, "Now we are looking at disparities," and I see those disparities viewed as budget disparities. I am worried that those considerations could override the educational and human needs of our kids. It is not just the children, it is adults too. I also see that the part C of title 4 is also dealing with the phaseout. We know that it has already dealt with phaseouts before. I remember early with the Indian Education Act, with the survey and dissemination kinds of things that could have been done, those have never been funded, and more or less phased out. Now part C of the title 4 Indian Education Act looks like the proposed budget wants to just fund educational services. I am seeing the phaseout as planning, pilot, and development.

I was reading the report from the Department of Education, and it didn't mention that, so I believe they need to clarify that for the people, too, the rest of the Indian people.

We really see these current initiatives to change policy and provisions for Indian education as harmful and unbefitting to our needs. The reason I am here today is to deal with just that fact, that we are concerned about Indian education policy and how it can be affirmed.

We do believe that we should have more moneys afforded us, and I really appreciated the comments you made with the prior witnesses on the Indian Health Service, because of course that concerns me, too, as an Indian person, and family, and people that I know, because it could definitely be improved.

In regard to eligibility and title 4, a lot of people recognize that the BIA has for quite a few decades set a blood quantum of being a quarterblood or more, and you are eligible to receive funds out of BIA and JOM. With title 4, when it was first enacted, it has been a controversy ever since, it seems like, because there were no clear definitions. Probably a lot of students were brought in—and some of the words or testimony that I have heard is just that to be a part of a title 4 program, all an administrator would have to go do was to ask who was Indian, and just by the raise of hands. So early in its eligibility requirement it was much too weak. Now, since moneys have been appropriated to so many school systems, there have been some definite questions about this eligibility because the report says that a lot of the LEA's have been out of compliance on that. It is a sense of moneys for the school system based on the number of Indian children there that they could count.

I would like to recommend—and I believe this was an issue also with Indian Health Service, and I testified in Tehlequah, OK, in that regard to tribal affiliation—there are three criteria that are very important to help define it and make it a fair criteria. No. 1 is certificate of degree of Indian blood. The second one is tribal certification. The third criteria is tribal enrollment number. I feel that the U.S. Department of Education should recognize that the tribal entity has the authority to declare tribal affiliation. It is important that Federal guidelines should assure that tribal records verify proof of Indian as stipulated under tribal laws. I guess that is the point. It varies among different tribal nations about who they recognize as belonging to their tribe, and who they verify. That is the way that it should remain. Indian people don't want to see Federal agencies—it is probably what the BIA did, I don't know that there was any tribal input on that—is that if you are a quarter-blood or more, that should suffice. Well, we have lived with that for a long time, and a lot of Indians feel that is satisfactory, but it really depends on the tribes. So I would like for you to be able to work very definitely on looking at tribal certification and verification as far as eligibility with those 506 forms under title 4.

Now there is something in regard to this eligibility that would bring about another aspect with the Indian control schools. Should those Indian control schools be changed, they would be changed to an LEA formula. That would also bear upon the fact that this eligibility criteria would have to apply.

The drastic thing I see with the Indian control schools and this whole business of taking away the discretionary moneys from these Indian schools is that it will cause drastic cuts for the Indian children.

In analyzing the budget—and I see two different reportings here from the testimony from the U.S. Department of Education and from the projected budget—that I guess on an average, those regular LEA's and the formulas that they get for their students its counted per pupil expenditures have been about $136, whereas the disparity by the budget people or that department there look at Indian control schools receiving, I believe, $655 in one place and $749 in another place, per student. That is a very big difference.

Indian people would be pleased to know that somewhere in the United States, Indian kids are getting a fair shake, getting some outstanding appropriations to be able to address their needs. So that is a concern that currently the U.S. Department of Education wants to equalize the funding and place Indian control schools on a formula basis. I don't want to see it as a disparity, because even hearing the disparity that has been testified today is just the fact that Indian people are on the lowest of all social and educational and economic indicators. That is where the disparity actually exists.

Another rationale or justification for changing or reallocating Indian control schools to a formula is that it is based on the BIA initiative, and I would like to say, "wait." That is still a proposal, that is still undergoing tribal consultation, that may even still go in an injunction as far as tribes go, because we don't believe that.

I am not so sure Congress will go along with this BIA initiative. We hope not because—I was curious if Swimmer would indicate how many tribes favor this or how many are opposed.

At this time I probably have gone over my 10-minute limit, but I would ask that the U.S. Senators reevaluate these proposed changes, because it just seems like we undergo too many changes that make us lose whatever was supposed to be guaranteed to us.

Thank you.

The CHAIRMAN. I thank you very much. I can assure you, as a member of this committee, that the concerns you have expressed will not only be considered, but acted upon.

Right now we are in a process of determining how best we can bring about an exemption of Indian expenditures from the application of the Gramm-Rudman law. We are looking into the matter of tribal verification/certification, and if you were here when we were questioning Mr. Carnes and Mr. Davenport, I am certain you would have gotten the impression that we are not in favor of the Administration's education initiative.

Ms. WERYACKWE. Thank you, Mr. Inouye.

The CHAIRMAN. So, you should be concerned, but I should assure you that you have a friend on this side.

Ms. WERYACKWE. Thank you very much, Senator Inouye.

The CHAIRMAN. Senator Evans?

Senator EVANS. Thank you, Mr. Chairman.

Yours was a most eloquent and informative presentation. I think I should say that outside of the first year of the installation of Gramm-Rudman where some cuts across the board were implemented, in each succeeding year the operation of this act does not necessarily require that any agency have any kind of cuts at all. It, in fact, would allow us to spend as much as we want, wherever we want. The only requirement is that if we choose that path, we have got to figure out a way to pay for it. That probably isn't a bad idea for all of us. I am confident that we'll have some different priorities than the administration, and I think those different priorities are a lot more likely to focus on the needs and the problems that have been brought forth here than have been set forth in the budget that we are now dealing with.

Thank you.

The CHAIRMAN. I thank you very much.

Our next witness is Ms. Virginia Spencer, the executive director of the National American Indian Housing Council. Ms. Spencer, welcome to the committee.

STATEMENT OF MS. VIRGINIA SPENCER, EXECUTIVE DIRECTOR, NATIONAL AMERICAN INDIAN HOUSING COUNCIL

Ms. SPENCER. Thank you.

Mr. Chairman, and members of the Select Committee on Indian Affairs, I am pleased to be here today to testify on the administration's proposed budget for meeting Indian housing needs.

I also want to take this opportunity to express the National American Indian Housing Council's sincere appreciation to the members of the committee, and especially to you, Mr. Chairman, for providing us with this opportunity.

On January 5 HUD Secretary Pierce announced a $10.2 billion budget for fiscal year 1988, a 28-percent cut from fiscal year 1987 funding. The administration proposes $3.9 billion for 82,000 units of assisted housing, but only 1,000 units for Indian families. Seventy-nine thousand units are for vouchers for low-income persons nationwide, and another 2,000 units for the elderly under their section 202 program.

We have already sustained a two-thirds cut in funding for Indian housing in the last 6 years. For this year alone, with that budget amount, it would be a 50-percent cut from fiscal year 1987 funding.

The latest Bureau of Indian Affairs figures show 92,580 Indian families in need of housing assistance. In 1970 that figure was 63,000. Thirty-nine thousand need their homes rehabbed, 52,000 require new houses to be constructed. A program which only commits 1,000 units a year is totally inadequate and forces Indian families to live in substandard housing all of their lives if they choose to stay in their traditional homelands.

The alternative is to move to urban areas where they join the ranks of the homeless or compete for other assisted housing dollars. Many Indian families choose to stay on the reservation doubling or even tripling up in the already substandard housing found there. The results are worsening health conditions, overcrowding, social disruption, and the breaking up of families.

Indian housing development would receive $71.5 million in budget authority for financing 1,000 new homes. The entire amount will be shown as 1 year's funding rather than the long-term financing, which is how new construction has been financed by the Federal Government in the past. It makes annual appropriations look much more expensive for fewer units, however it does cut long-term financing costs for the Federal Government.

Again, too few units to meet the need is the problem Indians face. A minimum of 6,000 units per year could meet the need for new units in approximately 10 years. At 1,000 units a year it would take 60 years to meet today's need.

The Department of Housing and Urban Development has introduced a new term, "shift of fund availability," or "SOFA," in lieu of proposing a deferral of funding into the next fiscal year. This method is used for determining the amounts proposed for modernization and operating subsidy funds. But it makes it unclear how much would really be available for both fiscal year 1987 and 1988.

Under modernization, about one half a billion is proposed to be shifted from fiscal year 1987 and a half a billion would be added to equal $1 billion for fiscal year 1988. Indian housing receives about 2 percent of this amount. What we don't know is whether that amount will be one half a billion of $1 billion, depending on how Congress decides to appropriate funding. Hopefully you all will insist that moneys being appropriated for 1987 get spent in 1987, and that new appropriations will be realized in 1988.

Contract amendment money will be available for offsite water and sewer construction; however, the amount is not stated in the budget proposal. Hopefully it will be adequate to serve houses coming to construction.

I would like to clarify, however, that to my knowledge in the past few years HUD houses have been funded for water and sewer with HUD moneys, and I don't think there are any houses out there that do not have water and sewer at the time the house construction is completed. That may not be true with other housing that is being constructed, for example through the HIP program.

Through fiscal year 1988 debt forgiveness on public and Indian housing development and modernization projects will continue for projects funded before 1986, and this is in accordance with the Omnibus Reconciliation Act of 1985.

Implementation of debt forgiveness is still to be undertaken for parts of the Indian Housing Program. Currently it is unclear as to how this will affect mutual help home buyers.

An initial proposal to separate the Indian Housing Program from public housing within HUD has been submitted to the Office of Management and Budget. The measure, originating out of the HUD Secretary's Committee on Indian and Alaska Native Housing proposes a new statutory title on Indian housing under the U.S. Housing Act. No changes in appropriations or budget activities are proposed; however, all the Indian housing components that exist in the housing law now are contained in this draft legislation.

The National American Indian Housing Council supports the concept of the legislation. Members of NAIHC will be reviewing the separation proposal and its regulations and requesting oversight hearings on it. We believe that the elements that comprise the Indian Housing Program are unique enough to justify separation, and thereby improve the administration of the program within HUD.

We have not come to these conclusions overnight. Several years of experience with the program and review of alternate methods of providing assistance have lead us to the conclusion that a separate program within the same department is the best method of achieving a more efficient program responsive to meeting the unique needs in Indian country. Separation would be the first step in helping us to realize this goal.

The Bureau of Indian Affairs has requested $17.3 million for the fiscal year 1988 Housing Improvement Program budget. This is a 23-percent cut from the HIP fiscal year 1987 appropriation. Also a rescission of $6.3 million of 1987 moneys is requested. New construction is again proposed to be suspended as an allowable HIP activity, and a new emphasis on self-help rehab construction is planned.

Along with this approach, the Bureau is to establish a new program initiative of economic self-assistance. The purpose of this initiative is to create opportunities for Indians eligible for general assistance for "sustained and meaningful work leading toward their skills development, while at the same time meeting essential housing needs."

Again, the need for housing assistance for Indians is so great that the budget cuts and proposed rescission only lead Indian families off the reservation to substandard housing elsewhere. While the goal of combining work opportunities and housing rehabilitation is commendable, families should not have to wait for training to get their homes rehabbed.

Road construction funds, which support HUD housing, mainly come from other federally funded highway programs, and the Bureau will finance all of their costs for Indian road construction through the highway trust fund. There are some problems in housing for us with the road construction money coming this way because we are required, then, to build roads within our housing projects to the standards of Federal highways, and this takes money away from the construction of the houses.

The administration's budget proposal from the Indian Health Service indicates that no funds will be requested for sanitation facilities for Indian homes or communities in fiscal year 1988. The administration claims that 80 percent of the need has been fulfilled and leaves the rest high and dry, or maybe not so dry.

In addition, funding for 125 temporary and part-time sanitation facilities employees is eliminated. These employees perform skilled and semiskilled construction-related jobs, and are badly needed in Indian country. It is well established that Indian people suffer an inordinately high incidence of disease, injury, and illness directly attributable to the absence or inadequacy of safe water and decent sanitation facilities.

Further, the long-term cost of treating and curing the diseases and injuries is much greater than the short-term cost of providing such systems. It should be the policy of this Government that all Indian communities and homes, whether new or existing homes, be provided with safe and adequate water supply systems and sanitary sewage and waste disposal systems as soon as possible.

While major housing assistance programs were developed in the 1930's and 1940's for the rest of the Nation, Indian housing needs were ignored. A variety of programs are now available to most Americans at several economic levels, but to date for American Indians and Alaska Natives on trust land, home mortgages are not available at reasonable cost, rental units can't be found, and assistance to the lowest income has been inadequate to deal with the increasing numbers needing help.

Mr. Chairman, the Indian population has nearly doubled in the last decade. The median age is between 20 and 25 years. This indicates that there will be an increasing need for housing for Indians in coming years. I urge the committee to provide adequate funding for the existing programs to deal with the unmet need.

In addition to opposing the proposed budget cuts, the National American Indian Housing Council would like to affirm its support of H.R. 4, the Housing and Community Development Amendments of 1987, which are under consideration by the Banking Committees. However, we would ask that the authorization for appropriations be committed at the 6,000 unit level. Also, members of the National American Indian Housing Council strongly support the amendment which would allow recaptured funds from the Indian Housing Program to be used only for other Indian housing, not to be given back to the Treasury. We ask members of the committee to support these as well as other provisions of the bill, including the establishment of rent ceilings for Indian homes, and we request the deletion of the 30 percent of income contribution now required for rental units. This has been particularly devastating for very low income families.

Also I am including, with my testimony, our resolutions and position papers dealing with some of the housing issues that I would like to have made part of the hearing record.

Thank you very much.

[Prepared statement of Ms. Spencer appears in the appendix.]

The CHAIRMAN. Thank you very much, Ms. Spencer. May I assure you that this committee is not just concerned, but will act upon many of the proposals you have made.

For example, you are aware that last year we did have this reuse or recapturing priority, and we intend to do the same again so that instead of going back to the Treasury it will go into the housing authority.

We are obviously dismayed to see that 20 percent of the Indian housing have no adequate sewer, sanitation, and water facilities. It is inconceivable to the members of this committee that in this day and age in this great Nation a condition like this still exists. So be expecting some action from us.

Ms. SPENCER. Thank you.

The CHAIRMAN. I thank you very much.

Senator Evans.

Senator EVANS. I was struck by one statistic you use. I have a little difficulty accepting it when you say that the Indian population has doubled in the last decade.

Ms. SPENCER. Well, that's a little old, those are the census figures from 1970 to 1980.

Senator EVANS. That would be a 7-percent birth rate a year with no deaths, which is about five times above the birth rate of everybody else, and I don't believe it. That is an astonishing figure. Was it just that we weren't counting?

Ms. SPENCER. I'll have to go back and check my figures.

Senator EVANS. It would be helpful. If true, it is remarkable. If it is maybe we ought to get—it may be that we are just not doing a very good job in the census of indentifying, or maybe even had different standards for identification, I don't know, but it would be helpful if you take another look./That's something we'd better look into.

[Information to be supplied follows:]

In 1970, the American Indian population was counted as 792,730 persons. In 1980, this population was 1,364,033, a 72-percent increase. The total population of American Indians, Eskimos, and Aleuts numbered 827,268 in 1970, and 1,420,400 in 1980 according to the Census Bureau.

The CHAIRMAN. I think its something that we should have, because we are dealing with numbers here.

Senator EVANS. Yes; we have got to know what we are——

The CHAIRMAN. And as much as I admire the work of the Census Bureau, I belong to an ethnic group that is bunched up with Pacific Islanders, Asians, and so forth, so I do not suppose anyone knows how many of us are around here. I would like to know, as chairman of this committee, how many Indians we are responsible for.

Ms. SPENCER. We would all like to know that.

The CHAIRMAN. Yes; my staff will most certainly work on this right away.

Thank you very much.

Our next witness is the director of the Indian Housing Program, Department of Housing and Urban Development, Mr. John Meyers. Welcome to the committee, Mr. Meyers.

STATEMENT OF JOHN MEYERS, DIRECTOR, INDIAN HOUSING PROGRAM, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, ACCOMPANIED BY PATRICIA S. ARNAUDO, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. MEYERS. Thank you very much, Mr. Chairman. It is indeed an honor for me to testify before this distinguished committee. I do have the pleasure and the honor of representing Mr. Samuel R. Pierce here, the Department of Housing and Urban Development. I do have, to my right, a member of my staff, Ms. Pat Arnaudo.

Before I discuss the department's fiscal year 1985 budget, let me provide perspective on HUD's Indian Housing Program. Since I testified before your committee last year, the department and Indian housing authorities have made important strides to improve the Indian housing delivery system. These accomplishments were made possible because of the excellent cooperation from and diligent efforts by the IHA's and tribal leaders in the Indian and Alaska Native communities.

Some of the major fiscal year 1986 accomplishments were: we continued to accelerate the construction starts and completions so that standard housing was available sooner for Indian families. The recapture policy instituted in 1985 has been implemented so that the taxpayers dollars are not wasted on projects that were never going to be built. However, in 1986 we recaptured funds for only 149 units, far less than we had originally anticipated.

We have worked cooperatively with the IHA's to resolve problems affecting timely completion of these projects to minimize the adverse impact of recapture. Our goal is to build the houses Congress appropriates funds for.

Certainly our recapture policy has revealed weaknesses in the Federal system of developing housing in Indian areas. We continue to work toward removing those obstacles to timely development. We published a final Indian preference regulation, which will become effective on March 15 of this year, which will give IHA's the flexibility to select one of three alternative avenues to providing contract preference. These are: the invitation for bid method, the request for proposal method, and the local option submitted by the tribe for HUD's approval.

We are implementing the rapid Indian housing payment system [RIHPS] an automated cash management system to provide development payments to IHA's and contractors on a timely and reliable basis, and to eliminate excess financing with the IHA. RIHPS guarantees the electronic transfer of required funds to the recipient's bank routinely in about 14 days, and in an emergency we have been able to accomplish this in as little as 48 hours.

The old system entailed as many as 23 levels of approval at HUD through the field through the headquarters, and took up to as many as 120 days. This new system has improved internal HUD accountability, as well. Overall savings to the taxpayers this year we estimate at about $12 million.

We issued a comprehensive handbook for field office monitoring of IHA's. The handbook emphasizes remote ADP monitoring using new Indian housing management information and retrieval system [MIRS], so that the major portion of the review function can be conducted without the cost of traveling through the IHA. HUD field staff then can focus its resources on technical assistance to those troubled housing authorities.

We lead a contract to provide intensive technical assistance to troubled IHA's. The contract will also provide for development of diagnostic evaluation for the certification of IHA executive directors and other administrators. The National American Indian Housing Council is the contractor on this special project.

We have also continued financial management training, which has helped stabilize tenant accounts receivable.

And finally, with the great help from the IHA's, we have continued to hold down Indian housing development costs. Over the last 6 years costs have been reduced by about 24 percent from an average of about $74,000 per unit in 1981 to about $55,921 in 1986.

Together with the IHA's we will continue to search for ways to economize on IHA costs without compromising durability and livability through the use of alternative materials and structure types, as well as through streamlined construction processes. We have engaged in a special project to test the use of traditional materials. This, incidentally, Mr. Chairman, was a recommendation by the Secretary's Committee on Indian Housing.

One adobe project, which is located at Gila River Indian Reservation in Arizona, was built at a cost of little more than $52,000 per unit, and appears to have the potential, as well, for tribal economic development in the manufacture of adobe brick.

Another program innovation permits IHA's, which are performing well, to develop housing with significantly less HUD oversight. We are proud to report that this procedure has reduced preconstruction processing by half time.

Overall the department has reduced the Indian housing development pipeline time from fund reservation to occupancy from over 58 months to an average of about 36 months, thereby minimizing the effects of inflation on the dollar.

Now let me address budget matters. The Department's fiscal year 1988 budget proposes an appropriation of about $71.5 million for 1,000 Indian housing units on a capital cost basis. The fiscal year 1988 budget also includes $37.2 million in amendment funds for public and Indian housing. The Indian housing portion of this amendment funding will be sufficient to meet capital expenditures for offsite sewer and water connections, as well as correction of design and construction deficiencies. Additional funding is needed to reach construction start, litigation, and other high priority needs associated with the development process.

Regarding the Comprehensive Improvement Assistance Program, which is better known as CIAP, for public and Indian housing, the administration's budget proposes a program level of $1 billion on a capital cost basis, of which 2 percent, or approximately $20 million, will be available exclusively for Indian housing. A total obligation level for operating subsidies is $1,462,000,000 in 1988. This includes $1,376,862,000 as well as reappropriation of little more than $85 million of excess 1987 funds. Historically about 2.4 percent of the total operating funds are provided to IHA's. However, this percentage may vary since the majority of these funds are formula driven.

In addition, the 1988 budget proposes $2.45 million to contract for technical assistance for troubled public housing authorities and Indian housing authorities. We will also soon be assigning our fiscal year 1987 funds to our Indian field offices, $153.1 million on a capital cost basis for approximately 2,300 units, including carryover funds, $14.8 million for Indian housing amendments and $20 million for Indian housing modernization needs. IHA's that meet the threshold criteria in the administrative capabilities assessment [ACA], will be eligible for new development and CIAP funding.

In the next month we anticipate publishing for comment a separate consolidated Indian housing regulation to address the Indian concerns. For the first time all regulations pertaining to Indian housing will be in one place. Many of the regulation changes have been recommended by the Secretary's Committee on Indian and Alaska Native Housing. This committee, which is composed of national Indian organizations, as well as tribal and IHA officials, was set up in 1983 to advise HUD on Indian housing matters.

As I indicated at the outset, we continue to strive to improve Indian Housing Program. Our goals are to tailor the program to the unique requirements of Indian areas and to strengthen the capacity of an effective development and management of the Indian housing stock throughout the Indian Housing Program. We will continue in this direction in order to carry out our responsibility to America's Indian and Alaska Native population, as well as to the American taxpayer.

This concludes my remarks, sir. I am available now for questions.

[Prepared statement of Mr. Meyers appears in the appendix.]

The CHAIRMAN. I thank you very much, Mr. Meyers.

Since assuming the Chair of this committee, I have had the opportunity to meet with several dozens of tribal leaders, council chairmen, and such, and all of them have impressed upon me that we are now in the midst of a housing crisis. Do you believe that we are in the midst of a housing crisis?

Mr. MEYERS. From Bureau of Indian Affairs data—data that has been gathered by the Bureau of Indian Affairs—we acknowledge that there is in excess of 50,000 new homes needed in Indian areas.

The CHAIRMAN. According to the BIA figures, 39,880 families have homes which are in need of rehabilitation, and 52,700 families are in need of new homes. Would that constitute a crisis?

Mr. MEYERS. I would say that there is a dire need. I am not prepared to define at what point there ceases to be a crisis. We acknowledge that there are in excess of 50,000 homes needed to be built on Indian reservations.

The CHAIRMAN. Let us agree that there is a dire need.

Mr. MEYERS. Yes, sir.

The CHAIRMAN. Do you believe that your proposal of 1,000 units would be sufficient to cope with this dire need?

Mr. MEYERS. You mention the need for rehabilitation of existing homes. That is not in our charter at the present time. We are responsible for providing HUD assisted homes, which involves for the most part new construction.

The CHAIRMAN. 52,700.

Mr. MEYERS. Yes, sir; no; that does not meet the need. However, I think under present circumstances, it is a responsible contribution to that need. In the three previous years that I appeared before this committee, we recommended zero units. We did so for two reasons. No. 1, we had an extended pipeline, with units that were appropriated up to 14 years prior and were not yet being built. We also had a problem with the national deficit. For both of these reasons, we recommended zero units. This year, in response to the progress of the Indian Housing Authorities and the three Federal agencies that are responsible for coordinating the building of these homes, we are recommending 1,000 units of new housing.

At the same time, we are also working to build capacity within the IHA's to increase the production and management capacity that they have in the field. We think that this is a responsible contribution to that need for this year.

The CHAIRMAN. What other means do you propose to employ to provide housing?

Mr. MEYERS. OK. Perhaps it would be useful at this point to also point out that the HUD Indian Housing Program is a Public Housing Program available to lower and very low income Indians. It does not purport to be a comprehensive housing program to meet all the needs on Indian reservations. So within our present charter we can only target to those lower and very low income families.

The CHAIRMAN. The numbers I have seen would suggest that with the high rate of unemployment, combined with the per capita income being the lowest among all ethnic groups, you would have bountiful business in the reservations.

Mr. MEYERS. We certainly are. For example we, in the last three years, have provided homes for over 9,000 new Indian families. We have provided this with the increased concentration of building the capacity that I talked about earlier.

We are going to continue to build that capacity. It does little good to award units to a tribe or a housing authority which will allow that appropriation to sit around anywhere from 4 to 14 years, and this has happened. I am happy to report to you that in working with the Indian Housing Authorities, most of that mass is pretty much cleaned up.

The CHAIRMAN. Is the administration considering providing rental vouchers as an alternative?

Mr. MEYERS. As an alternative to new construction on Indian reservations?

The CHAIRMAN. Yes.

Mr. MEYERS. No, sir.

The CHAIRMAN. No?

Mr. MEYERS. No, sir.

The **Chairman**. Mr. Meyers, I have several other questions I would like to submit for your consideration.

Yes, sir; Senator Evans.

Senator **Evans**. I am struck by several of the figures in your testimony. I find it almost incomprehensible to believe that the Department has reduced the Indian housing development pipeline from fund reservation to occupancy from over 58 months to an average of 36 months.

Mr. **Meyers**. Yes, sir.

Senator **Evans**. That's progress. What strikes me is that 36 months is still an extraordinarily long time. If we did that in private industry we would never have houses for anybody.

Mr. **Meyers**. Yes, sir; and that was precisely my reaction when I first came to this program.

Senator **Evans**. It's good progress from 58 to 36, but can you tell me what makes up the 36 months—the construction time can't be more than, what, 6 or 8 months of that.

Mr. **Meyers**. OK. Let me begin from the beginning.

Senator **Evans**. OK.

Mr. **Meyers**. First of all, Indian Housing Authorities, Indian tribes, very few of them have established infrastructures. In order to have an established overall community or urban planning process on the Indian reservation or the capital that would allow them to do that. We, therefore, have to reserve the funds up front, provide the Housing Authority with a preliminary loan, and that's when the planning begins. They must come to a point where they have an approvable development program that will be approved by us. That generally takes 1 year. Now if the Authority can get that out in 1 year—which also includes the process of getting approved leases from the Bureau of Indian Affairs, getting an approved sewer and water plan from IHS, and engineering approval from us—if they can accomplish that in that first year they have done something. But we do feel that 1 year to accomplish that is sufficient time.

The bid processing that they must go through, and awarding of a contract, generally takes up the second year, and we consider that from the time—depending upon when they actually let the bid—when a building season may begin or end—we have got to deal with some harsh climates in some of the Indian areas. By the time we get——

Senator **Evans**. Twelve months on design?

Mr. **Meyers**. Pardon me?

Senator **Evans**. Twelve months on design?

Mr. **Meyers**. Well, we are talking about more than just design, sir. We are talking about the coordination and approval of various activities between three Federal agencies.

Senator **Evans**. Twenty-three?

Mr. **Meyers**. Three.

Senator **Evans**. Oh, three.

Mr. **Meyers**. Yes; housing and——

Senator **Evans**. The time sounds more like 23. But——

Mr. **Meyers**. Sometimes it functions that way.

Senator **Evans**. Well you mentioned 23, I think, somewhere in here about the layers——

Mr. MEYERS. Right. I'm talking about 23 layers of approval for the funding.

Senator EVANS. What are the agencies that you have to coordinate.

Mr. MEYERS. Our own Housing and Urban Development, Indian Health Service, and the Bureau of Indian Affairs.

Senator EVANS. OK. So it is the coordination and the shuffling of papers back and forth that takes up a fair share of that 12 months.

Mr. MEYERS. Yes, sir; housing authorities also have to negotiate and deal with their own tribal government, as well. In some cases where you've got the highly traditional forms of government, the question of utilization of land for this kind of development has been a controversial issue, further frustrating the development process.

Senator EVANS. That's within the first section, in the planning, whether it takes 12 months or 50 months.

Mr. MEYERS. Yes, sir.

Senator EVANS. That's the kind of thing. Now that's 24 months, where is the other 12?

Mr. MEYERS. OK. The second 12 will come in processing the bid and letting the bid. Often times this is the shorter end of the process. But in being reasonable, we find that by the time we get from ACC, which is that point we have an approved development program, to the point where we actually start construction, sometimes may be frustrated by the closure of the building season, due to weather.

Senator EVANS. Shouid we streamline all of that and say you don't have to go through HUD, BIA, and the Indian Health Service, but to have one coordinator, one person who could make some decisions?

Mr. MEYERS. Well, first of all I can see a lot of statutes that would have to be changed. First of all, as trustee——

Senator EVANS. That's what we are in business for here.

Mr. MEYERS. Right. First of all, the trustee would have to, in some way, either be relieved of their responsibilities to approving leases, Indian Health Service would have to be relieved of their processes of approving water and sewer standards, so on and so forth. Some of these things we have begun to actually try to work with. For example, in working with some of the more progressive Indian Housing Authorities, in other words those who have demonstrated excellent development histories, we have been able to allow them to certify some of the actions that we would normally approve under a slower operating housing authority, thereby cutting some of our processing time in half.

We have had some tribes that actually have gone out and used their tribal sovereignty to establish their own building codes, thereby taking IHS out of the loop.

The Bureau of Indian Affairs—I just don't see under the present system how that would change. I think as trustee they have an unquestioned responsibility to ensure that the leases are properly negotiated.

Senator EVANS. For tribes where there are large interests or needs do you repetitively go through the planning process, or doesn't it makes sense to have some larger plan for an extended community and not have to keep repeating that part of the process when you build in stages certain additional housing?

Mr. **Meyers**. Well, unfortunately there is no source of money that could be used for this preplanning process. It isn't in our budget, and it is in no other budget.

Senator **Evans**. It doesn't take a whole lot more planning funds to plan for a community of 100 houses than 10 houses. It is when you get down to detailed design and that sort of thing that will take up more time and more money, but it seems to me that it makes sense, just as it does in any plan unit development, of which there are millions throughout the country, to plan for a total community and to be able to move much more rapidly when you get the money for the houses.

Mr. **Meyers**. Yes, sir; I would agree with that, but our program and our mission—we function much as a mortgage lender functions. We are involved in approving the plans, but we are not involved in the planning. So we tend to view these things as local issues. We do provide suggestions. We suggest that they reuse plans that have had previous approval, for example, for individual houses, and those kinds of things.

But again, these are local choices. We have tried to fair broker suggestions without necessarily imposing ourself in the internal process at the local level.

Senator **Evans**. I understand that that's not—and shouldn't be—your decisionmaking, that's the decisionmaking of the tribal leadership. But I would guess that tribal leadership would be very interested in the potential of doing a broader planning job for the future of their own communities, and in doing so maybe shorten some of the time between the people's need for housing and the actual construction and occupancy of that housing.

Mr. **Meyers**. Yes, sir.

Senator **Evans**. One final question, and I may have some more for the record. You mentioned 23 layers that have been slashed apart. How in the world did we ever build up 23 layers of approval in the first place?

Mr. **Meyers**. That's beyond me, sir. I was absolutely astounded. What brought this about was the fact that we found that a great many of the well-respected housing authorities were having problems paying their bills. Our own regulations prohibited the housing authorities from asking for funds for what they projected they would need for 60 days—and yet it was taking us a minimum of 90, and up to 120 days, to process their requests, thereby putting them in a position of bad credit risks, and so on and so forth.

Senator **Evans**. Comparatively today, how many layers would compare with the old 23?

Mr. **Meyers**. Three.

Senator **Evans**. Three?

Mr. **Meyers**. Right.

Senator **Evans**. Could you submit for the record an identity, I guess for my fascination if nothing else, of what those 23 layers were compared with the current 3. Maybe we will get some ideas how to slash away in a lot of other agencies.

Mr. **Meyers**. Yes, sir; I would be happy to.

Senator **Evans**. It would be very helpful. Thank you.

Thank you, Mr. Chairman.

[Information to be supplied appears in the appendix.]

The CHAIRMAN. Thank you very much, Mr. Meyers. I appreciate it.

Mr. MEYERS. Thank you, sir.

The CHAIRMAN. Our next witness is Ms. Paula Schneider, chief of population division, Department of Commerce.

STATEMENT OF MS. PAULA SCHNEIDER, CHIEF OF POPULATION DIVISION, DEPARTMENT OF COMMERCE, ACCOMPANIED BY MS. EDNA PAISANO, POPULATION DIVISION, DEPARTMENT OF COMMERCE; AND MS. NAMPEO McKENNEY, POPULATION DIVISION, DEPARTMENT OF COMMERCE

Ms. SCHNEIDER. Thank you, Mr. Chairman. It is a pleasure to be here today.

Before I start, let me please introduce the two people I brought with me, also from the Population Division, and also involved in the 1990 census and in issues relating to American Indians and Alaska Natives. This is Mrs. Nampeo McKenney, and Miss Edna Paisano.

Also, before I start officially, let me say the increase in the American Indian population between 1970 and 1980, as measured by the census, was about 70 percent. However, you cannot consider this an increase purely due to natural increase of births. We did a much better job in 1980 in coverage of the population, and there was a much higher level of self-identification as American Indian in the 1980 population. So although there was a measured 70-percent increase, I don't think we could call it a real 70-percent increase.

Senator EVANS. I think that it is quite important to distinguish between the two.

Ms. SCHNEIDER. OK. I am here today primarily to discuss our plans for counting American Indians and Alaska Natives in the 1990 Census of Population and Housing. We appreciate your interest in these activities. Census day will be April 1, 1990, just a little more than 3 years away.

We have been involved in intensive planning for the census for more than 5 years. We have undertaken an ambitious program of consultation with a broad array of data users, and we have tested census-taking procedures and questionnaire content items in a number of areas.

Census planning efforts will culminate in a series of dress rehearsal censuses next year, in which we will conduct a run-through of all the procedures we plan to use in 1990. Because of the unique relationship between the U.S. Government and tribal and Alaska Native village governments, we have worked closely throughout the process with the tribes and the Alaska Native villages to develop our plans for the 1990 census.

Today I will report to you on our plans in five areas: our outreach and planning efforts, the tribal liaison program, data to be available from the census, enumeration procedures and geographic issues, and the local review program.

First, I will discuss outreach and planning. We have actively involved representatives of American Indian and Alaska Native communities in our planning for 1990 census. One way we have done this is through the formation of the National Advisory Committee on American Indians and Alaska Natives. This committee, which will meet for the third time this coming April, is an important vehicle for discussing our plans.

In addition, from May 1985, through September 8, 1986, we held 12 meetings with tribal and Alaska Native village representatives. Among the sites of these meetings were Albuquerque, Phoenix, Seattle, Anchorage, and Bismark. These meetings provided us with important information for planning because the participants provided suggestions and recommendations on our plans, and informed us about other concerns that we should address. Beginning next year we plan to conduct a second round of these meetings.

For the 1990 census we will have outreach materials specifically designed for American Indians and Alaska Natives. We will work with agencies that have experience in developing materials for these population groups. We have included American Indian reservations in the sites for all of our test censuses: the Choctaw Reservation in Mississippi, the Turtle Mountain and Fort Totten Reservations in North Dakota, and the Colville and Spokane Reservations in Washington State.

Next I will describe the tribal liaison program. We will ask each tribe to designate a liaison to serve as our primary contact for the 1990 census. Letters will go out within the next few weeks asking tribal officials to appoint the liaison. We will suggest that the liaisons be tribal members who live on the reservation or in the village that they represent, that they be able to speak the native language when necessary, and that they be available to serve as liaisons throughout the 1990 census. We will provide training for these persons and the various materials they will need to do their job.

The liaisons will carry out many important functions. For example, they will inform the Census Bureau of conditions on the reservation or in the village that may affect the enumeration, such as the need for interviewers who speak the native language. They will assist us in the distribution of recruitment and promotional materials and will refer tribal members to us for census jobs.

Now I will discuss the data that will be available from the 1990 census for American Indians and Alaska Natives. The census is conducted primarily by self-enumeration, so we count people according to the race with which they identify and report to us. Persons who are American Indian or Alaska Native are counted by their answers to the race question, where there are separate categories for American Indian, Eskimo, and Aleut. We provide data for American Indians and Alaska Natives for the whole country, regardless of where they live. We also summarize and present data specifically for reservations, tribal trust lands, other American Indian areas, and Alaska Native villages.

Data from the 1990 census for American Indians and Alaska Natives will be available in several printed reports, on computer tape files, and through other media as they become available through the decade.

Our processing plans will enable us to tabulate the data earlier and to provide it in a more timely manner than we did in 1980. In 1980, at the request of Federal agencies and tribal governments, we administered a supplementary questionnaire to collect information about the unique living arrangements on many reservations. We are not planning to administer the supplementary questionnaire in 1990.

We want to concentrate our efforts on improving the basic count and data for America Indians and Alaska Natives, and on improving the quality of these data.

We believe we have designed a program that will meet this goal. In general our approach for the 1990 census will be to increase tabulations of the data from the regular census questionnaires for American Indians and Alaska Natives, increase the accuracy of that information, and release it earlier.

The fourth topic I will discuss is enumeration procedures and geographic issues. Throughout the Nation, we try to hire enumerators who are indigenous to their assigned area. We realize that this is especially important in American Indian and Alaska Native areas where there may be cultural and language differences.

One of the most important operations in taking a census is the delineation of the geographic areas for which the census data will be tabulated and published. We are working closely with the tribal officials to get their advice and review of the official boundaries for their areas. The Bureau of Indian Affairs [BIA] will update and certify the boundaries for Federal reservations, and State agencies will certify the boundaries for State reservations. The boundaries as certified by the BIA and the States will be the official boundaries for the 1990 census.

We also plan to provide maps to tribal officials so that they can review these reservation boundaries, and any questions can be resolved with the BIA and the States before the census.

We also provided to tribal officials in Oklahoma, where only the Osage Tribe has a reservation, an opportunity to delineate their traditional reservation boundaries as statistical areas, and we have worked closely with Alaska Native regional corporations to give them an opportunity to delineate the boundaries for the Alaska Native villages.

It is also important to note that we plan to define and provide data for census blocks nationwide in 1990. This is the very smallest unit of geography for which we tabulate data from a census. In the past the census block data have only been available in urban areas. For 1990, we are going to expand this program, and as part of it we have given officials of States and reservations the opportunity to identify to us specific map features that they would like us to hold as census block boundaries.

The final topic I wish to address is the local review program. First introduced as part of the 1980 census, the local review program gives local officials in approximately 40,000 governmental jurisdictions, including American Indian reservations and Alaska Native villages, an opportunity to review the preliminary counts from the census before the local census offices close. We began our contacts with local and tribal officials earlier this time so that they will have more time to prepare for local review.

We also plan to conduct training workshops on local review in each State beginning later this year. In these workshops we will brief officials or their liaisons on the local review program, what it is, how it works, how to prepare for it, the kinds of documentation they will need, and so forth.

In 1990, we plan to provide the local review counts down to the census block level. This will apply to American Indian and Alaska Native areas since we will have the census block information for the entire country. This change will allow officials to determine more precisely where there may be discrepancies in the count.

We plan to give tribal officials the counts for the blocks containing tribal trust lands that are associated with their reservations so that they may include these also in their review.

Mr. Chairman, that concludes my discussion of plans for the enumeration of American Indians and Alaska Natives in 1990. In recent censuses, particularly in 1980, we have improved our counting of this important group of Americans. The 1980 census provided more data for American Indians and Alaska Natives than any other census, yet there are areas where we can make improvements for 1990. The year 1990 will mark the 200th anniversary of census taking in our country. We want the bicentennial census to be the best ever in terms of timeliness, cost efficiency, and accuracy. To be successful we must be sure that all groups in the population are covered completely. That is why we are giving so much attention to the enumeration of American Indians and Alaska Natives. We appreciate any comments or suggestions you may have on our plan.

Thank you.

[Prepared statement of Ms. Schneider appears in the appendix.]

The CHAIRMAN. Ms. Schneider, I thank you very much. Your testimony is most helpful. I wish to commend you on your goal to upgrade the basic information collection as it relates to the Indian country and Alaska Native villages. But you have also recognized that there are unique problems faced by the Indian community. Under those circumstances, isn't it possible to carry on the basic census collection and still carry out the supplementary questionnaire on Indians?

Ms. SCHNEIDER. Our belief—although we realize there are unique data needs on reservations—is that the most appropriate way to get this information is not to do it as part of the decennial census activities. We fear that conducting the supplementary operation as part of the basic census interferes, or can interfere with, the basic census and hurt the quality of both endeavors. Therefore, we would be in favor of an option that would have a special data collection effort, perhaps based on the census and after the census.

Unfortunately, when we put it in the category of a follow-on survey, as we call them, then decennial census funds are not made available for follow-on surveys.

The CHAIRMAN. Would you be recommending this follow-on survey?

Ms. SCHNEIDER. I can't recommend from a policy or a program viewpoint—other Federal agencies, if they have a need for data to plan or implement their programs, should decide on such recommendations. I am suggesting that, from a technical viewpoint, the best way to obtain that data would be through a follow-on survey.

Senator **Inouye**. I can assure you that this committee is in need of special data, if you would go through with that it would be most helpful to us. Senator Evans.

Senator **Evans**. Thank you, Mr. Chairman.

Do you have any feel for how good we were with the 1980 census, as compared with the 1970? You said there was a large apparent increase, which obviously was more from better count than from natural causes. In the first place, on the overall, in the 1980 census how close did we estimate we came to capturing everyone?

Ms. **Schneider**. You mean the total population?

Senator **Evans**. Total population.

Ms. **Schneider**. OK. Well, there are various estimates.

Senator **Evans**. Of course, I suppose the very nature of the question is one that is unanswerable because if you didn't catch them, you obviously don't know that they are there.

Ms. **Schneider**. Well, actually we have an extensive program to try to measure the coverage of the census. We use several methodologies, both of statistical and demographic techniques, to try to estimate that.

We estimate that we did the best in 1980 that we have ever done. Our estimates range from—for the total population—a little bit of an overcount, to an undercount of about 2 or 3 percent overall, that kind of range.

Senator **Evans**. OK. What about the range, then, for Indian populations?

Ms. **Schneider**. We do not have separate estimates.

Senator **Evans**. I see.

Ms. **Schneider**. Our measuring tools are not precise enough to get that.

Senator **Evans**. I see. In these census blocks now that you are talking about, approximately what size would they be? I guess they vary widely geographically. Do you try to make them somewhat even in terms of population? Or does it just depend totally on the geography?

Ms. **Schneider**. No; they are all relatively small but can be divergent in terms of population size. They are really geographic units. They are units, are based on physical features where we try to define every land chunk bounded by four physical features.

Senator **Evans**. Of course, so somebody can tell whether they are in or out. But they are not designed to be sort of reasonably equal in population?

Ms. **Schneider**. No.

Senator **Evans**. What would the average population be in each census tract?

Ms. **Schneider**. Oh, I don't know what it will be in 1990 because of the extension of blocks to rural areas. In 1980, I think, you are talking about a range of maybe 30 to 50 housing units in a block.

Senator **Evans**. OK. So it is pretty small. That is what I was trying to get was some——

Ms. **Schneider**. We view census blocks primarily as building blocks so they give data users more flexibility to define areas for which they need data.

Senator **Evans**. So presumably then, would you be working in this case to try, for instance on reservations, to have the collection of census blocks coincident with the boundaries of the reservation——

Mr. **Schneider**. Oh, yes.

Senator **Evans**. So that it would be easy to define?

Ms. **Schneider**. We will recognize the reservation boundaries as block boundaries, even if they are not physical features. There are some exceptions where we will do that.

Senator **Evans**. OK. Fine. Thank you very much.

The **Chairman**. Thank you very much, Ms. Schneider.

Ms. **Schneider**. Thank you.

The **Chairman**. Our next witness is Mr. Paul Mayrand of the Department of Labor. Welcome to the committee, sir.

STATEMENT OF PAUL MAYRAND, DEPARTMENT OF LABOR, ACCOMPANIED BY HERBERT FELLMAN, DEPARTMENT OF LABOR

Mr. **Mayrand**. Thank you, Mr. Chairman.

Since it is getting rather late, would the committee prefer I simply ask to have my testimony inserted in the record, and——

The **Chairman**. Your prepared statement will be inserted in the record immediately following your oral presentation.

Mr. **Mayrand**. Would you prefer—would you still want me to read the testimony?

The **Chairman**. No; just summarize it.

Mr. **Mayrand**. Thank you very much.

I am here to testify and to discuss the Department of Labor's fiscal year 1988 budget request for native American programs.

The native American programs are authorized by title IV-A of the Job Training Partnership Act [JTPA]. The programs are designed to improve the economic well-being of native American groups such as Indians, Alaskans, Eskimos, Aleuts, native Hawaiians, through the provision of job training, work experience, and other employment-related services and opportunities that are intended to enable participants to obtain permanent, unsubsidized jobs.

Each year the Department awards approximately 190 formula grants to Indian tribes and reservations, native Alaskan groups, native Hawaiian groups, and nonprofit Indian groups located mainly in urban areas.

Title IV-A native American programs are funded to operate on a program-year basis, which runs from July 1 of any given year through June 30 of the following year. At this time we are slightly more than halfway through program year 1986, which began on July 1, 1986, and will end this coming June 30.

Total funding for the title IV-A native American programs for program year 1986 is $59,567,000. By statute, the amount provided for this program is equal to 3.3 percent of the amount appropriated for the title II-A program, which are the funds in block grant form that go to the Governors.

Funding for program year 1987, which will begin this coming July, totals $61,484,000. These funds have already been appropriated. The administration's budget request for native American programs, which will fund the program in program year 1988 is $58,839,000. In addition to the title IV-A, we also have the Summer Youth Employment and Training Program, which includes a segment for native American programs. Funding for 1986 was $13.2 million. This summer's funding will be reduced to $11.6 million due to an $88.6 million reduction in total Summer Youth Program funding. The request for calendar year 1988 is $11.8 million.

The committee has asked for data concerning the number of participants served in the program. The last period for which we have complete data is program year 1985, which ended on June 30, 1986. During that period title IV-A native American programs served a total of 31,216 participants. Of the 25,542 who terminated from the program during the year, 20,000, or 80 percent, were positive terminations. This means these individuals either entered unsubsidized employment, entered another training course, returned to school full time, or otherwise successfully fulfilled the requirements of their participation in JTPA.

Briefly, the following are some of the characteristics of those served; 51 percent of the 25,000 terminees were male, 49 percent female. While a majority of the participants were between the ages of 22 and 44, some 30 percent were age 21 or younger, which represents a conscious commitment of the program to address the employment and training needs of American youth. Of the participants, 27 percent were school dropouts, 18 percent were single heads of household with dependent children, 22 percent were welfare participants, and 24 percent of the participants were not in a labor market prior to participation in the program.

I will conclude my statement, Mr. Chairman, and I am delinquent for not introducing Mr. Herbert Fellman, who is the Chief of the Division of Native American Programs in my office.

[Prepared statement of Mr. Mayrand appears in the appendix.]

The CHAIRMAN. Mr. Mayrand, this committee has received all sorts of numbers relating to the unemployment situation among Indians in reservations. As you may have heard today, there were numbers ranging from 50 percent unemployed to 95 percent. Do you have any statistics?

Mr. MAYRAND. Mr. Chairman, we do not. The data base that we use to allocate the funds is the 1980 census. Other data that we are aware of are the data that we receive from grantees who share BIA data with us, but we do not collect BIA data or other updated information on the unemployment on reservations.

The CHAIRMAN. Do you know where we can get reliable data?

Mr. MAYRAND. No, sir; I do not.

The CHAIRMAN. Do you have any guess that you can provide us?

Mr. MAYRAND. Probably BLS within the Department of Labor may have some data, but I am not too sure whether or not those data would cover the reservations, but it would cover the urban areas, which would mean it would provide information on the urban Indian programs that we fund.

The CHAIRMAN. From what you know, would you say that these numbers, 50 to 95 percent, are realistic?

Mr. MAYRAND. My knowledge of this factor, as was the case with your recent trip, comes from having been on a number of reservations. From that experience the numbers do not sound unreasonable. I think, probably, what should be considered is that these numbers are probably based on a different definition of unemployment than perhaps what is used by BLS.

The CHAIRMAN. Whatever definition we use, I am certain you will agree with me that the situation is not good.

Mr. MAYRAND. I would agree.

The CHAIRMAN. Under those circumstances, don't you think that we should be increasing instead of decreasing the funds available to you under title IV.

Mr. MAYRAND. Well I think, as Mr. Chairman may understand, that with respect to the JTPA, the amount that is set aside for native American programs is an automatic triggering arrangement, 3.3 percent of whatever is appropriated for the block grant is set aside for native American programs. If the block grant is increased or decreased, we proportionately experience that increase or decrease. So whatever the Congress chooses to appropriate for title II-A of JTPA, we get our percentage.

The CHAIRMAN. Well, we will do our best in whatever fashion is available to us to make more funds available to you so you can carry out what I consider to be the mandate of your office.

The people I met on this last trip presented a very dismal picture, and it saddened me very much to realize that in this great land a situation like that existed. Moneys involved are not that much, and I hope something can be done.

At this juncture I would like to, on behalf of the native Hawaiians in Hawaii, thank you for the consideration you have given to them.

Mr. MAYRAND. Thank you, Mr. Chairman. It is very gracious of you to say that.

Senator EVANS. Do you think it is appropriate to set aside funds on a formula basis for this population out of the total amount, and just proceed on the basis of a formula every year without consideration of changing priorities or changing needs of the various populations?

Mr. MAYRAND. Senator, I am not too sure I am qualified to respond to that. I was not privy, as an example, to the discussions that took place when the JTPA was constructed——

Senator EVANS. Neither was I.

Mr. MAYRAND. Why did they put percentages in there? I think that an arrangement based on perceived need can work both ways. Sometimes small programs tend to fall between the cracks, as it were, and sometimes the saving grace is to ensure their survival by having a percentage arrangement, such as we have for the native Americans. I am not suggesting that we would not otherwise receive a fair share, but it can work both ways.

Senator EVANS. But if you get to a point when—presumably, from the administration's request, there is a feeling that the overall needs in the country are less than they were last year. At least the request is for smaller amounts of money, I guess. Is that correct?

Mr. MAYRAND. I would presume that the needs are as great as they were in the prior year. Probably a factor that may mitigate a reduction, slight or otherwise, might be the amount of funds that organizations carry over from one year to another, which is to say that in the case of the title IV–A program we are discussing, we will be allotting $61 million on July 1 of this year. My guess is, based on prior experience, that the grantees, the 190 or so in the aggregate, may have 5 to 10 percent of their funds to carry over into the new year. So 5 or 10 percent of what they had last year would translate into possibly $7, $8, or $9 million, so the actual level of effort that would be available come July 1 would be your $61 million, in addition to the carryover which may make the program operate at a level of not $61 million but perhaps $69. It could be close to $70 million.

Senator **Evans**. But that is not the first year that that has occurred, presumably, if that is happening this year it is not unique. It has happened in past years, as well.

Mr. **Mayrand**. That is correct, Senator. Every year there tends to be carryover.

Senator **Evans**. Well, unless there is some aberration, that carryover is probably roughly a static percentage of the total amount of money that is available out there. So wouldn't you evolve from that a thought that as the total amount of new appropriations goes up, the total amount of money available for programs goes up also?

Mr. **Mayrand**. That is not unfair to say. But I think our experience has also been that over the last several years the carryover has been reduced quite a bit. In some years the carryover was 25 percent, which clearly suggests that the organizations were not spending more than 75 cents of every dollar they received. That has been reduced down to about 5 or 10 percent——

Senator **Evans**. All the more reason then, it sounds to me, like—you go from fiscal year 1986 at $59.5 million to fiscally year 1987 at $61.5 million, and now you are coming in for $58.8 million, which is lower than either of the last 2 years. If you are shrinking the amount of carryover, then you are really shrinking the total program.

Mr. **Mayrand**. Well, two points to that, Senator, without trying to be argumentative: the 58 million is a function of the triggering device——

Senator **Evans**. I understand that.

Mr. **Mayrand**. The second is I would guess that we would have available not $58 million, but probably closer to $65 million for that particular year.

Senator **Evans**. Why so?

Mr. **Mayrand**. Because of the carryover.

Senator **Evans**. Well, how much would you have in the last year when you appropriated $61.5 million, would you have about $68 or $69 million?

Mr. **Mayrand**. That's my guess.

Senator **Evans**. So you would have less money this year than last year, or in the year——

Mr. **Mayrand**. You would have probably lesser carryover, but the magnitude of the carryover probably would continue to be 10 to 15 percent.

Senator **Evans**. All of that translates very simply into a reduced budget, which translates into reduced program, if not now, eventually.

Mr. **Mayrand**. If the funding level continues to decrease further down the path, yes.

Senator **Evans**. Do you or does anyone take a look at the total IV-A Program, or the total title II-A programs of which this is a part, to really determine the various places that this money is put to see from year to year whether there are differences in priorities or need? Is everybody kind of holding on to their own current share of the pie?

Mr. **Mayrand**. With respect to the title II-A or the title IV-A, section 401 program?

Senator **Evans**. Well, you say that this program is 3.3 percent of the amount appropriated for title II-A programs.

Mr. **Mayrand**. Yes, sir.

Senator **Evans**. So there are a number of programs under title II-A that add up to 100 percent of that program, of which this is 3.3 percent.

Mr. **Mayrand**. That's correct.

Senator **Evans**. I don't know how many programs there are, but they all aim at different kinds of disadvantaged groups that need job training programs?

Mr. **Mayrand**. That is correct.

Senator **Evans**. And are they all distributed on the basis of formula?

Mr. **Mayrand**. Yes; Senator, they are. The title II-A, which I believe is $1.8 billion—that may be reduced because of requests for a rescission—those dollars are formula allocated to the governors of each State. The Governors decide, which is in the nature of a block grant, how they spend those dollars and what client groups are served, older workers, the handicapped——

Senator **Evans**. How much is the total title II program?

Mr. **Mayrand**. The entire II-A program, after you take the moneys off the top such as the 3.3 percent for native Americans?

Senator **Evans**. OK.

Mr. **Mayrand**. The major share obviously goes——

Senator **Evans**. So outside of this one formula distribution, is there some priority determination made each year in each State by the Governors of those States?

Mr. **Mayrand**. Yes, Senator; in addition—I don't want to mislead you—in addition there are additional arrangements to take other set-asides. There is section 402, which is a program for seasonal farmworkers, migrants—you take 3.2 percent off of the $1.8 billion for that particular program. But the lion's share does go to the Governors. The Governors, in turn, suballot the moneys to service delivery areas, and they decide, based upon local needs and priorities how those dollars are to be spent.

There are Indians and native Americans served under the title II-A program.

Senator **Evans**. But we don't consciously, at any point in the budget-making process, take a look at this share and say the overall needs of the country as they are met by the various States through their Governors in this block grant are at one place, and the needs here for this particular group are different—higher, maybe even lower. No one consciously looks at that, they just take the formula?

Mr. **Mayrand**. Senator, I am not qualified to respond to that. It is out of my office, and I frankly don't know what happens.

Senator **Evans**. You just take it when it gets to the 3.3?

Mr. **Mayrand**. Cheerfully.

Senator **Evans**. One other question—on the job training programs, the title IV-A recipients you said served a total of 31,000 participants. I guess of the 25,000 participants, 20,000, or 80 percent, were positive terminations. You gave the alternatives of what happened to them. Do you know offhand, or can you submit for the record, what percentage of those positive terminations actually entered unsubsidized employment as opposed to another training course or returning to school or—I don't know how you otherwise successfully fulfill the requirements of their participation. What does that mean?

Mr. **Mayrand**. The last figure I looked at indicated that for the same period of performance approximately 12,000 participants were put into unsubsidized jobs.

Senator **Evans**. How many of them are on reservations as opposed to urban participants?

Mr. **Mayrand**. We would have to go through the reporting information, Senator, to get that for you. Roughly two-thirds of the organizations that we fund are reservations, one-third are urban programs.

Senator **Evans**. Could you do that for the record? Try to distinguish between the urban programs and the reservation programs with the end results of each of these categories so that I can get a better sense of how many go back to unsubsidized employment in each category, and how many go back to school and then——

Mr. **Mayrand**. Yes; we can do that for you.

Senator **Evans**. OK. Thank you.

[Information to be supplied follows:]

The following chart shows Program Year 1985 end results for reservation and non-reservation programs. Additional positive terminations represent such outcomes as entered another training course, returned to school full-time, or otherwise successfully fulfilled the requirements of participation in JTPA.

PY 1985	TOTAL	RESERVATION	NON-RESERVATION
Total Served	31,600	13,600	18,000
Total Terminations	25,900	11,400	14,500
Entered Unsubsidized Employment	12,100	4,400	7,700
Additional Positive Terminations	8,600	4,800	3,800
Other	5,200	2,200	3,000

Senator EVANS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Mayrand, I thank you very much, sir.

Mr. MAYRAND. Thank you, Mr. Chairman.

The CHAIRMAN. At this juncture, without objection, I wish to submit the testimony prepared by Mr. David H. Helela, president and chief executive officer of Alu Like, Inc., of Hawaii.

[Prepared statement of Mr. Helela appears in the appendix.]

The CHAIRMAN. Our final witness is Mr. Dean Jackson, president of the Navajo Community College in Chinle, AZ. He is also a member of the board of directors of the American Indian Higher Education Consortium.

Welcome to the committee, sir.

STATEMENT OF DEAN JACKSON, PRESIDENT, NAVAJO COMMUNITY COLLEGE; BOARD OF DIRECTORS, AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM, ACCOMPANIED BY JOHN FORKENBROCK, ACTING DIRECTOR, AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

Mr. JACKSON. Thank you, Mr. Chairman.

First I would like to acknowledge my appreciation to present my statement to this distinguished committee. I have a prepared statement, which is being submitted.

The CHAIRMAN. Your prepared statement will be inserted in the record immediately following your oral presentation.

Mr. JACKSON. I would like to introduce the person to my right. This is Mr. John Forkenbrock, who is acting director of the American Indian Higher Education Consortium.

Mr. Chairman and members of the committee, my name is Dean Jackson. I am representing American Indian Higher Education Consortium, and I am also the president of Navajo Community College.

American Indian Consortium is made up of 20 tribally-controlled community colleges, 19 of whom are under what is known as title I and one under title II of Tribally Controlled Community College Act.

This morning I was listening to several statements being presented by the Bureau of Indian Affairs. They were talking about initiatives that had been initiated recently, and the rationales behind the movement. I would like to point out to this committee that tribally-controlled community college started this initiative 20 years ago. Tribal control community college is a new movement with, basically, the parts from traditionally Western education in many ways.

Its success is very obvious. For instance, in some of the title I schools, the enrollment of Indian students at these colleges exceeds the enrollment at other colleges in their own particular States.

For a title I school, which is Navajo Community College, there are about 6,000 Navajos seeking higher education; 4,000 of them are under regular Navajo tribe scholarship, and 2,000 of them are going to Navajo Community College.

I might also state that in 1986 over 500 students received either AA degree, bachelor's degree, or certain type of certifications.

I want to point out that since 1981 there has been continuous increase in student enrollment and the continuous decrease in appropriation on per capita basis. So there exists an inverse relationship between enrollment and funding.

In this year, under Public Law 98-192, a new student count had been designed. There is transition from FTE, which stands for full time equivalency, to Indian student count, which represents about 15-percent increase in student enrollment.

As for title I funding—I am talking now strictly about Navajo Community College. Navajo Community College is located in Arizona, with the main campus at Tsaille, a branch campus at Shiprock, a community center in Crown Point, another one in Window Rock, Ganado, Tuba City, Kayenta, and Chinle. So we operate under what we call—Navajo Community College is the higher education institution of the Navajos, and that the Navajo Nation is our campus. It is the size of the State of West Virginia.

This fall one of the title I schools went under, it was known as the College of Ganado. Those students were left out with no place to go. Navajo Community College absorbed 27 full-time students—dormitory students—and transferred them to Tsaille and Shiprock without asking for additional funding. There were 60 students left at Ganado. We developed a program for them and created Ganado as a branch campus of Navajo Community College. There were 60 students at that time, and during the fall semester it added to a total of 80 students, and this semester we have 170.

I would like to speak to the level of funding that tribally-controlled community college receives in comparison to similar-sized community colleges.

A study done in 1982 conducted by the National Association of Colleges and the university business officer of public community college reflects that tribal control community college receive $1,000 less per FTE than a similar-sized college, or that these colleges at other places receive $3,400 per FTE for basic education costs.

My presentation here will provide what is needed. The title I schools are requesting from fiscal year 1988 funding level of $4,000 per FTE, or $3,478 per ISC. So they really are requesting a funding level of $13,764,000.

For Navajo Community College, we are requesting a supplemental appropriation to compensate for those students and those programs that we develop for the students that were left out because of the closure of the College of Ganado. We are requesting $235,000. From fiscal year 1988 we are requesting $4,500,000 for operation money. This is about $700,000 above what has been requested by BIA or administration for NCC.

We are also requesting $2,500,000 for renovation of the old BIA facilities that we are now occupying in Shiprock. If that is not feasible, we are requesting $20 million for a new facility at Shiprock.

I would like to speak to the endowment which is authorized in both title I and title II. The endowment that is provided is an incentive for the colleges to assure their future in which the funds from our legislation would match those moneys raised by the college themselves—a matching or dollar-for-dollar basis.

In our legislation it authorizes $5 million per year. The BIA has requested $500,000 in fiscal year 1988, but we are requesting at least $1,500,000 in endowment.

In addition to that, we are requesting that this committee rescind or reject the BIA's proposal to deduct from the operation grant the interest that is going to be derived from the Federal portion of the matching format. Now this really eliminates any incentive for the colleges to go after endowments.

In addition, the other colleges also want construction money. There is a need for $10 million under title I, of which $250,000 will be contracted to a third-party contractor under the Buy Indian Act, to conduct a facility survey as required by Public Law 99-428.

So these are some of our basic concerns and requests. As I have said earlier, tribal control community college is very new. It represents a movement in which the Indian people, themselves, decide what they want, and it reaches out not only to the traditional college students, it reaches out to adults that have been left out in the education process during the course of the Indians and Federal relationship in education.

I have been at Navajo Community College for the last 7 years and have seen many progress impact of tribally-control community college in the endeavors of the tribe. For instance, in 1975 a Navajo Community College professor did a study on taxation and made several recommendations. This finding was used by the Navajo tribe to develop its taxation system from which they attain several million dollars which the Navajos are benefiting from. These are the type of impact I am talking about.

Thank you very much, gentlemen.

[Prepared statement of Mr. Jackson appears in the appendix.]

The CHAIRMAN. Thank you very much, Mr. Jackson.

Am I correct to assume that the Navajo Community College and those in the tribally-controlled community college system are all accredited colleges?

Mr. JACKSON. Nine of them are accredited, sir. The others are pursuing accreditation.

The CHAIRMAN. I think it is a very impressive testimony that you have just presented to us. I can assure you that your concerns and your recommendations have been heard and duly noted, and we will do something about them.

My apologies to you for having had to wait this long today, but I will let you in on a secret—many years ago, for that matter 1951, I was a law student in one of the law schools in Washington, DC. At that time I was requested by the national commander of the Disabled American Veterans to testify on behalf of the national organization before a congressional committee. So, in preparation for this I purchased a new suit. At that time the requirement was that witnesses had to submit 20 copies. I had no mimeograph machine, so I had to type the statement out 10 times—I had a small portable typewriter—and I arrived at the committee hearing room one-half hour before meeting time. I happened to be the first witness. I was called, I sat down on the witness chair, the chairman says, "Welcome to the committee, Mr. Inouye. We have received your statement. It is a great statement. Without objection it will be made part of the record. Thank you very much. Our next witness is so and so." At that time I vowed that if ever I should be in a position to be presiding over a proceeding such as this, any witness appearing before me would have all the time he wants.

Mr. JACKSON. I appreciate that very much. That has happened to us several times, also.

The CHAIRMAN. Senator Evans.

Senator EVANS. Mr. Chairman, I can appreciate that story very much. During the course of the last few years before I came to the Senate I served as chairman of the Pacific Northwest Power Council. We had extended hearings on the power bills, sometimes with as many as 120 witnesses per day, and we would start at 8 o'clock in the morning and end at 11:30 in the evening.

Almost invariably the testimony which we looked forward to most and remembered longest was the last person who testified. I guess you look forward to it, but you also remember it longer.

I am curious about one thing. You mentioned an Indian student count other than FTE's, and some difference. What is the rationale for it, and how does it distinguish from the normal FTE count? I can tell you that I shared with you for some time a position in higher education as president of a small college. At least I am familiar with the FTE side of that.

Mr. JACKSON. FTE is very devastating to those schools who have a large number of full-time students. In this case FTE means those students who are carrying 12 hours, and that is all that is counted. In the case of the Navajo Community College, there are many students who carry 16 hours, so the 4 hours difference between 12 and 16 someone else has to pay for.

Senator EVANS. I see.

Mr. JACKSON. So eventually, you know, we get in the bind of about $400,000 per year trying to pick up the cost of those extra hours. So that's—an Indian student count is total credit hour divided by 12, that is how simple it is. So there is an increase of about 15 percent through the utilization of Indian student count, which is more appropriate for us.

Senator EVANS. Yes; now is that FTE then the way they count it in Arizona?

Mr. JACKSON. No; the State of Arizona has a well-developed community college system. What they use is total credit hour divided by 15.

Senator EVANS. Well, that's what we do in our own State. We have something of the same problem at Evergreen. A very large number of students who were full-time students, and the full-time load there was 16 credit hours. The differential between 15 and 16 wasn't quite as much, but it creates the same problem. Except we just counted them as you count the Indian student count. Each student was a little more than one student, because they were carrying a little more than the standard course. That should help then, substantially I would guess, in making funding at least track the needs of the students and the number of hours they are putting in, and as result the number of faculty members and laboratories they require.

Mr. JACKSON. I would also like to make a brief statement on Navajo Community College. Navajo Community College is—in the law it says—they are going to be funded on needs basis. But the rules and regulations for that needs basis have never been developed since 1980. So BIA arrived at an arbitrary figure, saying that you have 1,000 FTE and you are going to get $3,813, and that's how we get our allocation.

Earlier I submitted a formula which is based on needs. It includes about six categories of needs. Later on I am going to be pushing this to see that this is what I would like to committee to look at and perhaps follow this in funding for Navajo Community College.

The CHAIRMAN. Would you like to submit that for the record?

Mr. JACKSON. I sure would.

The CHAIRMAN. It will be included in the record.

[Resolution of the Board of Regents appears in the appendix.]

Senator EVANS. Thank you.

The CHAIRMAN. Although the committee has not made a public announcement, our next trip for orientation and education will be to the Southwest. We intend to visit New Mexico and Arizona, and at that time I hope that our schedule will permit us to visit your campus.

Mr. JACKSON. You are certainly welcome. We want you to come to Navajo Community College.

The CHAIRMAN. With our assurance that we will be seeing you soon, this committee will stand in recess. The record will be open for another 10 days to receive additional testimony.

[Whereupon, at 5:53 p.m., the committee recessed, to reconvene at the call of the Chair.]

APPENDIX

Additional Material Submitted for the Record

PREPARED STATEMENT OF SUZAN SHOWN HARJO, EXECUTIVE DIRECTOR NATIONAL CONGRESS OF AMERICAN INDIANS

Mr. Chairman and Members of the Committee, thank you for the opportunity, on behalf of the National Congress of American Indians (NCAI), to comment on the FY1988 budget proposed by the Bureau of Indian Affairs and related agencies. NCAI is the oldest and largest national Indian membership organization representing Indian and Native governments and individuals. Established in 1944, the NCAI has standing membership from more than 75% of our Indian and Native governments.

Once again, the NCAI appears before you to express our views and make recommendations regarding inequities in another Presidential budget proposal. And, once again, we are compelled to provide a policy context within which this or any budget proposal must be viewed, if Congress intends to maintain a federal policy of upholding its treaty and constitutional agreements and assuring Indian survival. In developing the FY1988 budget proposal, the Administration again has failed to take into account the history and U.S. Indian policy backdrop against which specific budgetary actions must be viewed and taken.

Indian and Native nations gave up a vast territory, over which the United States governs, from which its citizenry derives great benefit, in exchange for health and education and other socially beneficial programs and services, and in exchange for U.S. protection against encroachment by the states and people regarding our tangible and intangible rights and resources. These exchanges - some through treaties, some through Executive Orders, some through acts of Congress - were intended to stand in perpetuity. Yet, for example, the United States government did not prohibit the theft of the sacred and gold-rich Black Hills from the Sioux Nation and other Indian nations who value that area as a religious site. To date, the U.S. has not fulfilled its promises to make the deserts bloom for Indian nations who agreed to remove their people to arid reservation land. If these promises were upheld, as well as the overriding constitutional guarantees that Indians would not be taxed and that treaties would be the "Supreme Law of the Land," Indian nations would be rich, rather than poor, today. If Congress would have exercised its plenary power properly as intended with regard to the limitation and control of state involvement, rather than over Indian tribes, and if the various Executives would have exercised the trust obligations to protect and benefit the intended Indian beneficiaries, rather than to benefit itself, its agents, its railroads, its ranchers, its landbarons, its energy industries and the Fortune 500, Indian and Native nations and people would not be in such dire circumstances of need today.

Today, the Executive Branch is proceeding unchecked to privatize its fiduciary obligations; to tax Indian treaty fishery income; to advocate for legislation which would allow for state intrusion into tribal jurisdiction over gaming enterprises; to set the oil-owning tribes back to square one with regard to oil thefts and skimmed royalties; and to violate its trust responsibility to Alaska Natives by ignoring the rightful governmental status of village governments.

BIA BUDGET ORGANIZATION AND PREMISES

We begin our statement with observations and recommendations regarding the BIA's proposed FY1988 budget. As the Members and Staff of this Committee are aware, the BIA budget is a case study in obfuscation, designed to wear out even the most ardent Washington numbers cruncher. It is very difficult to make comparisons between the FY1987 appropriated and the FY1988 requested amounts. For instance, the BIA budget removes most, but not all, contract monies from programs and places them in a separate line item. However, it does not detail the distribution of contract support funds. The FY1987 program amounts, whether they were to be distributed to the Central or Area office or the Tribe/Agency level, were expressed in one lump sum amount. In the FY1988 budget, however, the amounts of funds for a program are divided between the Central or Area and the Tribe/Agency level, and the two amounts may appear many pages apart in the budget justification. Finally, sixteen programs are requested to be switched from one program to another, further confusing the reading of the budget book.

In the first instance, the NCAI membership objects to the overriding and underlying premise of the BIA budget proposals, which would shift programmatic responsibilities to the Indian and Native governments without concomitant funding and without guarantee of continued funding. The Tribe/Agency approach of the BIA budget was adopted unilaterally, without tribal consultation and over Indian governments' and organizations' objections. (See attached NCAI Resolution 43-86-148.) We urge Congress to reject the "Tribe/Agency" allocation system for what it is, another budget-cutting effort and another way of obscuring the amounts and purposes of dollars that should go to the Indian and Native peoples.

In the second instance, the NCAI membership objects to the BIA effort to privatize its management functions and the U.S. fiduciary obligations. This BIA budget proposes to do this in the areas of trust funds management, forestry management and BIA education, which are discussed in detail below. We also object to the BIA efforts to force Indian governments to enter into contracts under threat of state contracting if tribes are "unwilling" to contract, which violates both the spirit and letter of the Indian Self-Determination and Education Assistance Act; to make tribal contracting more difficult, and in some cases impossible, by imposing a 15% flat rate on indirect costs; and to weaken Indian and Native governments by wiping out the section 104 (a) self-determination grants. (See attached NCAI News Statement of January 8, 1987.)

It was for these reasons, among others, that the NCAI membership in September of 1986 called for the resignation or removal of Interior Assistant Secretary of Indian Affairs Ross O. Swimmer, whose personal notions and initiatives pervade this BIA budget. (See attached NCAI Resolution 43-86-4.)

EDUCATION

School Transfer Initiative

One of the most incongruous ideas in the BIA's FY1988 budget is the proposal to provide for the BIA to purchase educational services from the states or non-tribal entities if tribes do not contract to run the remaining BIA schools. Using as its justification a Gould Foundation Report - an in-house document never intended for publication, consisting basically of anecdotes by BIA education personnel - and a McGraw-Hill survey which compares test scores of Indian children with those of all children in public schools, the BIA is masking what we believe is its leader's ideological commitment to get out of the education business and to place all Indian children in public or private non-Indian schools. The BIA proposes to implement the transfer of authority by giving Indian School Equalization Formula (ISEF) funds to the states and by using as a legal avenue for this action the procurement contract process.

Tribal reaction to this proposal has been swift, united and negative. Indian opposition to the plan is based upon the following considerations:

1) The proposal will do nothing to enhance the self-esteem of Indian children, and experts agree that it is low self-esteem which is the predominant contributing factor to suicides among Indian youth. Indian people now have the highest rate of teenage suicide of any population in the U.S. How much higher would this rate climb if the BIA's transfer of education to state and private entities is accomplished, where Indian youth would be denied a positive, culturally-reinforcing experience and community role-models that the education reforms of the 1970s have begun to offer? We do not know the answer to this and submit that the BIA has not even taken this critical consideration into account. We also submit that the BIA has not measured the recent improvements in BIA schools and has not examined the standardized tests for potential racial and cultural bias regarding Indian children.

2) The proposal to turn over administration of BIA-funded schools to non-tribal and non-federal entities is a violation of the U.S. trust responsibility for Indian education.

3) The BIA did not consult with Indian governments or parent advisory groups prior to making the education transfer proposal, a proposal considered by tribes to be a setup for state takeovers of BIA-funded schools. Assistant Secretary Swimmer admitted in his January 8, 1987 news conference that he had not consulted with tribes on this plan. Through BIA education reform laws of the 1970s, Indian parents and educators are beginning to control BIA schools. Those laws require consultation prior to any BIA policy changes. By using the procurement process to purchase state educational services, the Assistant Secretary would be able to circumvent established education reform mandates.

4) It is an all or nothing proposal. Tribes would be required to contract to administer all of the BIA schools, and the contracting would have to be accomplished within a short time frame. The Assistant

Secretary has said he would like to accomplish full tribal contracting of BIA schools in FY1988, but has conceded that the process may take several years. While tribes are certainly interested in increased contracting of federal programs, there are tremendous amounts of paperwork and layers of bureaucracy involved in the successful negotiation of a contract and, of course, the BIA has the ability to delay or otherwise thwart a tribal contract. Nowhere in this proposal do we see a plan for removing those barriers that stand in the way of contracting for those tribes which are ready and able to contract now.

5) The Administration plans to institute a 15% administrative fee in lieu of negotiated indirect costs for P.L. 93-638 contracts, a policy which would make contracting infeasible in many instances. A flat fee approach to covering the administrative costs of running a program is a mindless one. It ignores the complex differences of geography, size of program and type of program. A 15% administrative fee would effectively prohibit tribes from entering into new contracts to administer BIA schools and would also result in retrocession of a number of existing tribal contract schools.

6) Inadequate facilities are an impediment to tribal contracting. Many schools in Indian country, following years of BIA neglect of maintenance and repair and little new construction, are in very poor physical condition. Tribes may understandably be reluctant to contract to run dilapidated facilities, especially when there is absolutely no assurance that funds will be available for repair, renovation or construction. Further, if the states take over the BIA-funded schools, they can then close or consolidate schools, a likely action in cases where facilities are dilapidated.

We urge Congress to stop the BIA's education transfer plan through the appropriations process by prohibiting the transfer of ISEP funds to the states or other non-tribal entities.

School Facilities

While the BIA proposes to spend about the same amount of money on education in FY1988 as was appropriated in FY1987, there are several other disturbing proposals. In the school facilities maintenance and operation program, the BIA says it intends to scrutinize during FY1987 the idea of providing operation and maintenance costs on a per pupil basis, rather than on a square footage basis. We ask that the Committee monitor the BIA action in this area.

Phoenix Indian School

We point out that the school operations portion of the budget assumes that the Phoenix Indian School will be closed following the current semester. BIA would swap the valuable downtown Phoenix property for swampland in Florida, and has ignored tribal views in this mattter. NCAI supports tribal wishes that the school remain open, and requests that money be placed in the FY1988 budget for operation of this school.

Johnson O'Malley Program

The Johnson O'Malley Program (JO'M) has been the yo-yo of the Administration's budget games. In FY1985, it tried to eliminate the program. In FY1986, it tried to transfer it to the Department of Education. Draft FY1988 budget documents show that at one point the BIA proposed zero funding for JO'M and that the Office of Management and Budget (OMB) approved the request. In a later document, BIA changed its position and requested $22.7 million for FY1988. The fact that both the BIA and OMB have recently considered eliminating JO'M makes this program vulnerable. In addition, the BIA, in its listing of funds transferred to the tribe/agency category, listed most education programs, but ommitted JO'M, even though it is a tribally-contracted program. We cannot help but wonder whether keeping the money in the Central and Area office accounts is a prelude to a proposed transfer of JO'M monies to states when, under the Administration's scenario, they would take over BIA-funded schools. We are pleased to see that the BIA intends to begin a two-year phase-in of implementation of the JO'M distribution formula approved by tribes. We disagree with the last minute maneuver in the FY1987 Continuing Appropriations Resolution which prohibited the BIA from implementing in FY1987 the distribution formula approved by tribes. We request that Congress not thwart distribution of funds according to the new distribution formula.

We also repeat the point we made in last year's testimony that the FY1986 appropriations, through a misunderstanding, reduced $5.6 million in the funding base for JO'M thinking this was the amount of carryover monies. In fact, there were no carry-over monies. Because JO'M is not forward-funded, schools often do not get their funds until well into the school year, as opposed to education programs in the Department of Education whose funding levels are known for a year in advance. As a consequence, schools had retained some of their FY1985 monies in order to have funds for the beginning of the fall 1986 semester. This has been the practice for many years, and we resent the BIA's misrepresentation of the $5.6 million as unneeded carryover funds. The result is that the FY1987 appropriation used $22 million, instead of $27.6 million, as a funding base for the JO'M program. The Bureau also has used this base for FY1988. We request Congress to return to the FY1985 appropriation level for the JO'M program of $28.6 million.

__Tribally-Controlled Community Colleges__

After two reauthorizations of the Tribally Controlled Community Colleges Act, one in the 98th Congress and one in the 99th Congress, both of which contained endowment provisions, the Administration has now requested funding to start the endowment. The FY1988 request is for $500,000, an amount determined by the colleges to be estimates of contributions to their institutions. Under P.L. 99-428, the Tribally Controlled Community Colleges Act Amendments, the federal government will match each dollar the colleges place into an endowment. The maximum federal contribution is $350,000 per endowment per fiscal year. While we applaud the Administration's request of endowment funds, we are dismayed at the proposal that the colleges' operational grants be decreased by the amount of interest earned on the federal portion of their endowment. The point is to expand the colleges' ability to serve their reservations, not to keep them on a treadmill. We ask Congress to restore the $35,000 cut proposed for the tribal colleges' operating grants and to keep the $500,000 endowment fund in the budget.

__Tuition at Post-Secondary Schools__

The BIA is proposing that students at Haskell Indian Junior College, the Institute of American Indian Arts and the Southwestern Indian Polytechnic Institute pay a tuition fee of approximately $850. While this may not sound like much money to middle-class America, it certainly would prohibit some Indian students from attending college. The BIA says students can obtain BIA or Pell Grant assistance to cover the tuition costs. The fact of the matter is that BIA grant monies are limited and the Pell Grant qualifications are proposed for radical changes which would negatively affect both middle income and poor students. NCAI also is part of the broad-based National Pell Grant Coalition which urges Congress to reject the Administration's proposal to cut a total of $1.1 billion Pell Grants and one million students from the program.

In any event, the grants rarely cover all of a student's expenses, and an additional $850 will surely be prohibitive for some students. We believe $850 per student is a modest cost - indeed a very good deal - for the United States government to continue to pay in the exercise of its trust duties regarding Indian education. The social and financial returns on an educated person are proof of the advisability of investing in education.

Indian Education Programs in the Education Department

With regard to Indian education programs in the Department of Education, the proposed budget for the Indian Education Act is $237 million, the same amount as appropriated in FY1987. The appropriation for Impact Aid is more troublesome, as the Administration is proposing to eliminate the "B" category of funding. The "B" category funding is for children who live on federal property or live with a parent employed on federal property. Payments for "A" children, who live on federal property and live with a parent who works on federal property would be funded at the same level as in FY1987. While most Indian children fall into the "A" category of funding, there are a number of schools which receive "B" funding on the basis of Indian students. We support restoration of impact aid funding for the "B" students, and we stand in support of all the various interests who make up the impact aid community. We also support a reasonable level of funding for construction under the impact aid program. The unmet need in construction which could be authorized under the impact aid law is $700 million. This compares with the Administration's request for only $5 million for construction in FY1988 and an appropriation of $22.5 million in FY1987.

Vocational Rehabiliation/Vocational Education

NCAI supports the Administration's request for a $55,000 increase in the tribal setaside in the vocational rehabiliation services program. Under the Vocational Rehabilitation Act reauthorization signed into law last year, tribes will be afforded a better opportunity to develop their own vocational rehabilitation needs as the incidence of disabling conditions among American Indian and Alaska Native people is estimated to be 150% greater than the rest of the population. At the same time, Indian people are much less likely to have access to vocatiocal rehabilitation programs. The Administration still has vocational education programs under attack and is proposing to rescind approximately half of the FY1987 funds and to eliminate the program in FY1988. Congress has never gone along with these Draconian proposals, and we trust will not do so this year.

Bilingual Education

The Administration is proposing a FY1988 budget of $143.1 million for bilingual education, the same amount as appropriated in FY1987. We strongly support bilingual education programs, and ask this Committee to be vigilant to see that no changes are made in the program that would negatively affect Native American languages.

Library Services

The Administration has proposed no FY1988 funding for Library Services. The FY1987 level of funding was $132.5 million. Libraries in Indian country are few and far between. Even at the tribally-controlled colleges, the library resources are far from adequate. One impediment to tribal colleges obtaining full accreditation is the need for development of adequate libraries. We were very pleased when the Library and Services Construction Act was signed into law in 1984 with its set-aside funding for tribal governments. That was a crucial foot in the door for development of library services in Indian country. We ask you to reject the Administration's proposal for termination of library services and construction, and to protect these programs which are of such potential importance to Indian and Native peoples.

WORKFARE, CHILD WELFARE AND SOCIAL SERVICES

The Administration is proposing to issue regulations to implement a workfare plan aimed at Indian recipients of General Assistance, Housing Improvement, Employment Assistance and Adult Education programs, whereby people would be required to work or be enrolled in a training program for full employment in order to receive benefits. The BIA would continue to provide benefits to children and those who, for such reasons as health or isolation, are unable to participate in the program. The BIA says it will meet with tribal leaders and Congressional committees prior to proposing regulations to implement this plan. As with the case of the other proposed initiatives, the BIA has a notion, forms a plan, announces it as a fait acompli and then sets out to get tribal approval for it.

Last year, the BIA formed a task force on general assistance reform. The task force included representatives of the Cherokee Nation of Oklahoma, the Mississippi Band of Choctaw Indians, the Tohono O'Odham Nation and the Washoe Tribe. While we are not aware of an official task force report, we are informed that the group did not recommend a national Indian workfare plan, but instead focused on individual and flexible tribal initiatives. NCAI strongly believes that any workfare plan should be done on a tribal-specific basis, with the tribe devising the plan.

Instead of allowing the BIA to throw together a national plan for implementation by October 1, 1987, we propose that the BIA solicit proposals from tribes to implement tribally-designed pilot projects in this area. We are curious about the evolution in thinking from the September 1986 draft BIA FY1988 budget justification, in which the workfare initiative involved five pilot projects, to the final FY1988 budget justification book, which proposes a workfare program on a national basis. We point out that the type of work and training requirements the BIA is proposing is not required on a national level of non-Indian recipients of public assistance, even though there are more jobs and training programs in the non-Indian areas of the country. Tribes are hardpressed at this time to keep their tribal operations functioning and, with the proposed elimination of 104(a) self-determination grants, there will be even less money for tribal jobs. Additionally, with the escalating costs of insurance costs nation wide, imposing increased potential worker liability for workfare employees poses an undue and probably prohibitive burden on Indian governments. This is another example of the BIA's lack of attention to detail in developing this and other plans, which vague results could have been avoided by consulting with those most directly affected and knowledable, the Indian leadership.

When looking at coordination of social services and development of work and training requirements as prerequisites for obtaining financial assistance, it is important to keep in mind that most of the potential jobs in Indian country are with the BIA, IHS or tribal offices. Basically, people will be looking for work that does not exist, and the federal and tribal offices will be inundated with paperwork that will not produce jobs, but only false expectations. Any workfare plan must take into account and provide for the reality of the lack of jobs in Indian country, the transportation and the costs and availability of child care.

The BIA's FY1988 budget proposes to decrease General Assistance by $5 million from the FY1987 appropriation and assumes decreased caseloads. We do not believe that implementation of a workfare plan, even if it were implemented nationwide, would result in an immediate decrease in the general assistance caseload. We request that Congress reject the proposed cut in General Assistance. The BIA routinely underestimates its General Assistance needs, something which Congress has attempted to correct by instructing the BIA to attempt to make better estimates of need.

We request that Congress restore the Indian Child Welfare Act grants to at least their FY1986 level of $8.8 million, and that these and other social services entitlements be exempted from any automatic sequestration pursuant to the Deficit Reduction Act. The Aid to Families with Dependent Children program is exempt from sequestration, and similar Indian programs should be afforded the same treatment. We believe that it was an oversight that these programs were not exempted last year. As you may know, the Indian Child Welfare Act grants were subject to more than the 4.3% sequestration applied to most programs pursuant to the Deficit Reduction Act, thus taking on the burden of other programs not subject to the cuts. Congress later approved an FY1986 supplemental to partially restore the Gramm-Rudman cut to Indian Child Welfare Act Grants, but then appropriated for FY1987 only the pre-supplemental figure ($6.1 million) for this program. Congress believed that, due to the delay in distributing money, it could be stretched to the end of FY1987. However, the grant cycle for Indian Child Welfare Act Grants is June to June. FY1987 monies, for instance, are used from June 1987 to June 1988. Now we see that the BIA is requesting for FY1988 only the $6.1 million for this program for fiscal year 1988. The clientele of the Indian Child Welfare Act Grants - primarily those children who are orphaned or are the victims of neglect or abuse - have been dealt a cruel blow, and Congress should restore the program to at least its FY1986 level.

Finally, we ask that this Committee closely question the BIA regarding the lessened number of Indian Child Welfare Act Grants since FY1983. The BIA contends in its budget justification that it is funding all the qualified applications, but it seems odd that we have gone from 164 grants in FY1983 to 108 grants in FY1986 to an estimate of 80-85 grants in FY1987. We and you need to know the criteria the BIA is using to judge these grant applications, and how many grant applications are turned down.

TRANSFER OF TRUST FUNDS FINANCIAL AND INVESTMENT MANAGEMENT

The NCAI membership is deeply concerned about the proposal to transfer the financial management of trust funds to the Mellon Bank. Several Indian governments have threatened suit against the BIA if their monies or those of their citizenry are transferred without a full accounting of those funds. Assistant Secretary Swimmer has responded that only $400 million of the $1.7 billion is contemplated for immediate transfer, stating that the monies of at least one tribe threatening legal action are not included in the $400 million, but declining to state which tribes' monies are included in the $400 million.

We believe that the contracting scope and terms under which the Mellon Bank would manage these funds are flawed. We understand that Interior and Treasury solicitors have advised that the process was flawed and are at this time exchanging opinions and redrafts of the proposed Memoranda of Agreement to attempt to compensate for the deficiencies. We urge the Committee to object to the contract going forward until we and you have been provided sufficient information to determine its terms and scope and what trust responsibilities, particulary in the investment management areas, are contemplated for privatization. Additionally, we ask that all relevant solicitors' opinions and memoranda be made available to Indian country and Congress.

Our overriding concern is that the BIA has no financial records system to transfer, and that the BIA has breached its trust by failing to have such a system in the first instance. Under the proposed transfer, there will be a BIA-estimated cost of some $4.5 million, with no indication of a reduction in BIA personnel and operations. This is because the BIA personnel still will be needed to put data into such system as exists and to develop a tailor-made system. The BIA's general ledger probably never has been balanced. This and other basic accounting problems will not be solved by transferring the trust monies to any bank. The Indians' monies would be better spent on establishing and improving BIA financial management systems. If this were done, there would not be a need for outside accounting services. We believe that if investment services can be contracted, then Indian governments should have the first right to decide how investments would be handled by whom.

These monies constitute a private property right, and decisions about them must be undertaken with the informed consent of the Indian owners. The Indian owners have not been informed about the details of the proposal, have not been consulted and have not consented. We urge the Committee to assert jurisdiction over this matter and demand that the BIA undertake immediate steps to establish a financial records management system, improve its operations and consult with the Indian owners on any decision affecting their monies. The BIA is banking on Congress allowing the transfer to take place. We urge you to stop the transfer and refocus the debate.

INDIRECT COSTS

Assistant Secretary Swimmer has announced as one of his initiatives a proposal that would replace the current method of calculating and funding contract support funds or indirect costs by imposing a 15% flat administrative fee in lieu of negotiated indirect costs for contracts pursuant to P.L. 93-638, the Indian Self-Determination and Education Assistance Act. This proposal is being implemented both through the development of regulations and through the FY1988 budget request. This questionable action is being pursued despite ample evidence that the 15% rule is impractical, would be disruptive, would threaten the managerial stability of most tribes and is widely opposed in indian country.

This initiative was developed without the tribal consultation required for major revisions by P.L. 93-638. In developing the 15% flat fee proposal, the BIA has not used reliable data, has not come forward with the basis for its assumptions and has ignored reliable data provided by tribes that clearly show that this simplistic approach would have disastrous effects on tribal capacities to manage programs within the legal and regulatory requirements placed upon them.

A short history of tribal indirect costs and a brief delineation of the problems that tribes will face if the 15% proposal becomes a reality is instructive. Reference to indirect costs can be found in P.L. 93-638 Section 106(h) and in 25 CFR Section 271.54, both of which direct the Secretary to provide indirect costs at not less than the level that would have been provided had the BIA operated the program. Assistant Secretary Swimmer maintains that the BIA's indirect cost rate is 8%. We ask the Committee to request the data demonstrating and concluding that this figure is accurate, as well as the BIA view of what constitutes indirect costs for the BIA.

Because the BIA has constantly underestimated contract support needs, Congress began with the FY1985 budget the "grandfathering" system. This system used FY1984 tribal indirect costs rates to determine a new program base. The major flaw with this system was that, at its inception, only 92.5% of the required funds were appropriated.

Post-FY1984 contracts pursuant to P.L. 93-638 were to continue to receive contract support funds from annual appropriations until they could be incorporated into the "grandfather" system. Again, the BIA continued to underestimate requirements, and appropriations failed to meet legitimate contract needs.

Despite the problems with the system and the problems caused by theoretical over-recovery, under-recovery and non-recovery, the system did provide a fairly reliable base for planning and a method of receiving those costs necessary to successfully manage programs under P.L. 93-638. Seeking a simple method of solving the perceived problems with contract support, Assistant Secretary Swimmer has proposed to dismantle the entire system without regard to the nature of indirect costs and recovery of those costs necessary to manage a program, and without just consideration of the impact upon tribes.

Tribes through the years have developed and operated systems that allow successful compliance with the often onerous maze of requirements and rules placed upon them in the contracting process. The flat fee proposal, if allowed to be implemented, will remove for most tribes the financial framework upon which their contract system is built. Other operating requirements will continue, regardless of the BIA system. Without funds to manage contracts, how can tribes be "accountable" as they have so often been told they must be. The very announcement of this proposal has caused considerable morale problems among key administrative staff in Indian country. Many key staff are now reconsidering their decision to work in tribal management. A number of tribes are considering retrocession of their contracts because they cannot or will not be held accountable for something that they cannot manage.

While the 15% proposal is being promoted, the Congress, with input from the tribes, is considering legislation that will provide some solutions to many of the problems with indirect costs. This rational process deserves to be considered before the 15% proposal is implemented.

The administrative fee proposal was developed without consultation with the tribes, which is contrary to the spirit and intent of P.L. 93-638. It was developed with limited and discredited data upon which to base a conclusion. It was put forward without any consideration of its impact upon the tribes' ability to contract. In short, it is not a policy that should be considered, let alone forced upon the tribes.

The Indian Self-Determination Act was designed to offer tribal governments the opportunity to contract with BIA and IHS to provide services directly to their respective tribal citizens. The BIA plan to limit tribal indirect costs or contract support funds to a 15% limit completely disregards federal contracting principles. Tribal governments deserve compensation for their management costs, as do all other governments and contractors. Tribal management structures are jeopardized by this simplistic scheme. Tribal indirect cost issues should be resolved in the authorization process, such as in the amendments currently under consideration for P.L. 93-638, in the 100th Congress. We urge Congress to reject BIA's budget proposal to remove $36 million of indirect cost funds from programs for inclusion in a single line item. We believe that contract support funds should be considered within the context of the programs to which they are attached.

We ask the Committee to request the Administration to withold publication of the proposed flat-rate rule in order to allow time for Indian country and Congress to develop a suitable alternative. To better understand the Administration's thinking, we also ask that the Committee request responses to the attached questions.

Self-Determination and Small Troubled Tribes Grants

The BIA proposes to eliminate the grants to strengthen tribal governments under Section 104(a) of the Indian Self-Determination and Education Assistance Act. Indian country is uniformly opposed to this proposal, which BIA proposed to OMB at the last moment as another budget-cutting measure, and which is being peddled in Indian country as a boon for small tribes. The proposal appears in the BIA budget justification book as "small tribes general revenue sharing" and "troubled tribes" initiatives. The small tribes initiative would provide $5.9 million to nearly 400 tribes with 1,500 or fewer citizens to partially compensate for the loss of funds under the 15% administrative fee plan. The "troubled tribes" initiative would provide $900,000 to help three to seven tribes to overcome audit difficulties and bankruptcy conditions, most of which are brought about by poor management by the BIA itself. The "small tribes" plan is generally recognized as a political move to gain some support for the 15% flat fee plan and as a amount of money they otherwise would have received under self-determination grants, which are proposed for $7.7 million defunding, and the small tribes program, which is proposed for a $2.8 million reclassification. The "troubled tribes" plan is generally viewed as less than substantive, given the small amount of funding proposed, with potential for divisive competition and BIA favoritism.

Over the last few years, a major problem has arisen because the BIA budget has not requested sufficient funds for contract support or indirect costs for Self-Determination Act contracts. This problem has been "resolved" by reprogramming funds from Self-Determination Act grants to cover the shortfall. One result of this has been that the "base" for P.L. 93-638 grants has declined from $16.375 million in FY1984 to $7.761 million in FY1987. Some of this decline is a result of the Gramm-Rudman cuts, but for the most part has resulted from the reprogramming.

This development has hurt the small tribes disproportionately. Many of the larger tribes respond by moving P.L. 93-638 grant funds into a different cost category and then contracting. In this way, they protect themselves from the BIA's raiding grants to cover the contract support shortfall. For the smaller tribes, this is not an available option, because the size of their grants is generally too small for contracting.

The BIA's small tribes technical assistance initiative is advanced as an apparent attempt to rectify this situation. But, what it gives with one hand, it more than takes away with the other. The existing core management grants program and the general P.L. 93-638 grant program, both of which benefit small tribes, are proposed for elimination. The core managment grants program has become a program which primarilty benefits small tribes.

The budget portrays this small tribes initiative as an increase, when it actually is a reduction. The total BIA proposal for small tribes actually is decreased by $3,782,000, in addition to reductions that would result from the 15% indirect cost rule: elimination of core management and self-determination grants, $2,221,000 and $7,761,000 = $10,582,000, minus $6,800,000 proposed for small tribes initiative = $3,782,000 decrease.

The small tribes would also be disproportionately affected by the BIA's flat fee proposal. This is because small tribes tend to have higher indirect costs than many larger tribes. The purported concern for small tribes should be recognized as the hoax that it is.

NATURAL RESOURCES AND INDIAN RIGHTS PROTECTION

Tribal Courts

Tribal courts have enormous unmet needs. If they are to function effectively, they must be adequately funded. Caseloads are increasingly large and complex, while tribal court staffs are small and operate on shoestring budgets. We support the $1 million increase for tribal courts and the establishment of appellate court system, but recognize that it will not adequately meet the needs of new courts and of ongoing needs of current courts for training and staff support.

Litigation Support and Attorney Fees

The BIA proposes to cut $800,000 in litigation support and $350,000 in attorney fees. The justification for the cuts, as with prior year proposed cuts and reasons for them, turn on what the BIA has approved for tribal funding in past years, rather than on what the Indian governments have requested and identified as the need. The BIA maintains that these amounts are sufficient to meet anticipated needs, without identifying which of the tribal needs it anticipates meeting and which it does not anticipate meeting. Once again, we ask Congress to look into these budget items and provide funding on a more realistic basis.

Indian Summer Law Program and Tribal/State Relations Commission

We ask that Congress reinstate the Indian Summer Law Program and to revisit the BIA decision to deemphasize funding for Indian law students. The American Indian Law Center (AILC) performed a stellar job in the area for many years and assisted in the education of some of our best Indian attorneys. Additionally, we urge Congress to reinstate BIA funding for the Tribal/State Relations Commission, which has helped interested parties to seek alternatives to litigation and to develop areas of ongoing cooperation. Assistant Secretary Swimmer brought about defunding of the Summer Law Program and the Commission when he assumed his position in Interior.

Indian Water Rights

As an overall observation we note that the Department has reduced its commitment to a water negotiation process by removing staff for this purpose from its cross-cutting position in the Under Secretary's office and placing it as a liaison position under the Indian Affairs Assistant Secretary. We understand that those tribes negotiating or wishing to negotiate water settlements will have few opportunities to have their settlements funded, as OMB is developing the position that the federal government should not fund the costs of settlement and that the issues should be litigated. This is a classic punt to the next Administration maneuver, which is not backed up by any noticable increase in litigation support or attorney fee funding. We urge Congress to again scrutinize this area for its policy implications, and to provide funding at realistic levels in appropriate categories. We will soon provide the Committee with a detailed analysis of this budget and policy area. At this time, however, we must point to the BIA's attempt to circumvent the recent water settlement law affecting the Tohono O'Odham Nation, P.L. 97-293, which requires the Administration to propose funding to meet this legal mandate. Instead, the Administration proposes nothing. We understand that BIA and OMB decided that Congress would add the needed amounts in fulfillment of the U.S. agreements, and that these millions would appear on the Congressional side of the ledger, offering the Executive the chance to point to the budget-busting Congress. Experience shows us that the only losers in this game are the Indian people. We urge Congress to fund the settlement and not have the burden of this gamesmanship fall on the Indian people.

Agriculture

The Bureau proposes a $2 million increase in the agriculture portion of their budget in FY1988. New programs are the noxious weeds and soil erosion program, with funding of $330,000, and Agriculture Technical Centers, which are proposed to be funded at $700,000. The Agriculture Technical Centers will provide assistance via workshops, training and individual consultations. Extension-type assistance will be contracted to tribes, universities and other entities. We welcome this new initiative and hope that it will assist in energy and resource-efficient farming and ranching practices.

Credit is, of course, a major problem for Indian farmers. The Administration has placed increased emphasis on Farmers Home Administration-guaranteed loans. Guaranteed loans often present problems for the Indian farmer, whose land is in trust status and therefore not available as collateral. The direct loan program is better suited to Indian credit needs, and, as we have pointed out in previous years' testimony, the Farmers Home Administration is the lender for the majority of Indian farmers. We are increasingly concerned about the loss of trust land due to Indian farmers going bankrupt or being forced into liquidation. We request that this Committee monitor the agriculture situation in Indian country, and would like to work with you, the Farmers Home Administration and the BIA to ensure that efforts are coordinated with regard to servicing of loans with the goal of keeping people in the farming business and keeping land in Indian ownership.

Forestry Management and Development

The large reductions in the forestry program will have severe long-term consequences for tribes with forest resources. The budget proposes reductions of $7.5 million in direct funding for the timber sales program and $3.2 million from "postponable forestry development work."

In addition, $5 million of the administrative fee collections which had previously gone to the tribes for forestry development will no longer be available to the tribes, but will instead go to the BIA to cover timber management costs. Forestry development will be woefully underfunded at a time when tribes need these monies to get their areas back into production. There already exists a huge backlog of acreage which needs to be replanted. Because forestry development will help tribes improve their economies and reach self-sufficiency, it is important that these activities receive adequate funding and the $5 million in administrative fees remain available to the tribes. Congress should question the transfer of administrative fees and redirect them back to the tribes.

Another area which has always been underfunded is the budget for forest management inventories and plans. The request remains at the same $1.2 million level as FY1987. The Bureau has identified 44 trust forested reservations with 14.1 million acres of Indian forest land. However, only 31 of these reservations have current forest management or operating plans. This has been a critical need for years and should be a major focus of the BIA forestry budget, so that tribes can inventory and effectively plan for their future economic well being.

Additionally, Assistant Secretary Swimmer has directed the BIA to issue a request for proposal for privatization of the forestry management program. Deputy Assistant Secretary Frank Anthony Ryan has requested a Solicitor's Opinion regarding the contractability of these programs and duties. (See attached Memorandum of February 11, 1987.) We urge the Committee to form its own legal opinion regarding what can and cannot be privatized in this area, and to assist Indian country to closely monitor this situation. We are concerned that, just as the trust funds are proposed to be turned over to a bank, the tribes' forestry management will be proposed to be run by one of the many tree-growing companies that have not acted in concert with tribal interests in the past.

U.S./Canada Pacific Salmon Treaty

NCAI encourages the Committee to question the BIA's reduction to $2 million of the $2.38 million requested by the U.S. Section of the Pacific Salmon Commission for Indian implementation of the U.S./Canada

Pacific Salmon Treaty. The BIA justifies this reduction by stating that "additional funding will be made available to the states and Federal agencies for treaty implementation work through the budgets of the Departments of State, Commerce and Interior." We cannot find documented evidence to support this contention. NCAI supports adequate funding to support the role of the Northwest Tribes in carrying out the program proposed by the Pacific Salmon Commission.

Environmental Quality Service

The tribes are increasingly concerned with environmental issues. Unfortunately, the BIA environmental program has never exceeded a minimal level of effort. It is not generally considered a priority among BIA line officials and, as a result, actions which affect environmental quality frequently are taken without the preparation of environmental assessments (EAs), even though an EA may technically be required under the Department of the Interior's procedures (516 DM Chapter 6, Appendix 4) for implementing the National Environmental Policy Act (NEPA).

As a result of the BIA's less than enthusiastic approach to meeting its responsibilities, BIA staff and tribal officials are not generally very familiar with the NEPA process. This is unfortunate for several reasons, particularly because the preparation and review of EAs and other NEPA documents can be a very productive planning process. We recommend that the Committee exercise oversight review of the BIA environmental program and direct BIA to provide training for staff and line officers in all areas. Such training should be open to tribal officials and staff. An increase in appropriations of $100,000 would be sufficient to conduct such training. This training is needed especially at this time when Congress has specifically included Indian governments in provisions of new environmental laws.

Hazardous Waste

NCAI encourages the Committee to earmark funding for the BIA hazardous waste program. With the amendment to the Comprehensive Environmental Response, Compensation and Liability Act, better known as Superfund, tribes finally will be able to participate directly with the Environmental Protection Agency (EPA) for training, management and technical assistance. Tribes will also be able to nominate sites for the Superfund National priorities List (NPL) for clean-up activities. The law contains a provision that mandates a survey, in consultation with Indian tribes, to determine the extent of hazardous waste sites on Indian lands. To date, a number of piecemeal attempts have been made to conduct surveys. None has been conducted in consultation with the tribes and none has even attempted to include the majority of tribes. The BIA needs to coordinate efforts with the EPA to develop a sound survey which reaches out to all tribes. Recognizing the fact that few tribal sites will make the NPL we urge the Committee to direct the BIA and EPA to estimate the need and to set-aside funding to assist tribes to identify and to clean up those sites on tribal lands which do not qualify but are a hazard to the health and safety of Indian people.

Archaeological Clearances

The BIA budget includes $394,000 for the Archaeology Program, which is no change from the FY1987 budget. The BIA takes a narrow view of its responsibilities under legislation for the protection of archaeological resources and historic properties. It is a clearance and mitigation program, rather than a planning program. The BIA's approach totally neglects its responsibilities under section 110 of the National Historic Preservation Act, as amended (16 U.S.C. §470h-2). Under section 110, the BIA is required to have a qualified "preservation officer," yet there are no personnel in the BIA archaeology program. Section 110 requires agencies to locate and inventory properties under their jurisdiction which appear to qualify for listing on the National Register of Historic Places. Properties which have historic, religious or cultural importance for Indian tribes can be listed on the National Register, which provides protection against inadvertent destruction through federal action.

Rather than take such a narrow approach, the BIA should review its responsibilities in a more positive way. Indian people have many concerns regarding historic, religious and cultural properties within Indian country and elsewhere, but Indian governments largely have been excluded from the federal historic preservation program. Enhancement of the BIA's capabilities in this subject area would enable it to help Indian governments to become partners in the federal historic preservation program, along with the states. It should be noted that the Presidential Commission on Indian Reservation Economies identified "cultural dissonance" as a common problem in Indian economic development projects. Enhancement of the BIA's capabilities to address environmental issues in general, and cultural resources issues in particular would help to avoid such problems in future projects.

Significant improvement in this program must be achieved. We recommend that the Committee exercise oversight review, in conjunction with its concern with the programs of other federal agencies regarding properties and objects which have religious or cultural importance to Indian people.

MINERALS MANAGEMENT SERVICE

Minerals Management Service has stated that Indian royalties represent less than two percent of the royalties collected. However, lease payments to tribes are critical to the economies of these tribes. The federal government collects between $4 and $5 billion annually in oil and gas royalties, and approximately $10 million represents the Indian share. Undercollection of royalties of even a small percentage represents a large dollar loss to Indian country. If further audits and study reveal that other leases, like those in the four states studied by the House Interior Appropriations Subcommittee, also have a 15%-to-20% underpayment, the loss to Indian tribes and allottees would be $15 to $20 million annually. NCAI encourages the Committee to monitor the ongoing audits and investigations to ensure that Indian tribes and allottees receive the proper amounts of royalty payments. In addition, the Committee should be aware that the Oil and Gas Valuation proposed regulations are encountering opposition in Indian country and elsewhere on the basis that they will not give fair value.

BUREAU OF LAND MANAGEMENT

Cultural Resources

The BLM Cultural Resources Management program is seriously flawed in that there is no mention of Indian cultural and religious interests in sites located on public lands under the jurisdiction of BLM. There should be some mention of the policy established by the American Indian Religious Freedom Act (AIRFA), and there should be some recognition that the uniform rules for implementing the Archaeological Resources Protection Act (ARFA) (43 CFR Part 7) to establish procedures for notification of and consultation with Indian tribes when the issuance of permits under ARPA might affect properties on public lands which hold religious or cultural importance for Indian tribes. BLM should be directed to acknowledge its responsiblities regarding Indian and Native cultural and religious properties and to act accordingly. In its 1979 review pursuant to the AIRFA, BLM specifically noted the California Desert Plan (CDP) as holding significant numbers of sacred sites for having tribal religions. We also note that the Interior Solicitor's proposed budget lists the CDP as having potential legal implications for the BLM, but does not list the CDP as having legal importance concerning the BIA. We urge the Committee to point this out to the Solicitor, so that his office will be mindful of its possible future need to protect Indian Religious interests in this area.

Marijuana Control Effort

NCAI urges the Committee to question the $1 million request for BLM law enforcement efforts on marijuana control, which it states is available for law enforcement efforts that are in extensive cooperation with the BIA and other federal agencies for the Campaign Against Marijuana Planting in the State of California. NCAI is concerned that this money will be used in another of the BIA operations like the "Operation Res Sweep" which targeted the Hoopa Valley Indian Reservation in late 1986. The 43rd Annual NCAI Convention condemned these BIA activities against the Hoopa Tribe, saying that the "BIA has mounted a campaign to discredit the Hoopa Tribe by slanderous, unsubstantiated and irresponsible accusations linking the Hoopa Tribe to illegal drug activity, thereby attempting to justify agency relocation and an intensive militaristic federal assault on Hoopa territory which has resulted in destruction of tribal property, such as the loss of over 90 acres of forest to fire believed to be directly linked to BIA enforcement activities." This operation, in which Assistant Secretary Swimmer donned camouflage to helicopter into Hoopa territory, netted only two non-Indians in its search for marijuana plants.

DEPARTMENT OF ENERGY

Nuclear Waste Disposal Activities

Tribes which are located in the areas which were under consideration for the second geologic repository for high-level radioactive waste are anxiously waiting Congress' decision to approve or deny the Department of Energy's (DOE) proposed postponement of the search for a second repository program, either through approval of the DOE budget which cuts out the program, or the approval of its amended Mission Plan. Even before the May 28, 1986 announcement by DOE Secretary Herrington to postpone the program, these tribes in the second repository region have been in limbo, not having financial resources to expend to stay informed or participate in discussion about the DOE's drastic and unexpected move. Unlike the states in the second repository region, Indian tribes in the same region did not receive funding for the remainder of the year. Each tribe was eligible to receive only a three-month grant for $30,000 in 1986. States, on the other hand, had received up to that time an average of $437,000 in their three-year involvement, which allowed them to continue to participate in the program after the May decision.

The tribes are now concerned that, in the event the DOE fails to receive Congressional approval for its postponement action, the second repository program will be reactivated and they will once again become affected or potenially affected by repository siting or transportation routing in a process that allowed them piecemeal participation from the beginning. The tribes would still be years and dollars behind the states. Whether Congress approves or disapproves DOE's request for postponement in the search for a second repository site, NCAI requests this Committee to bear in mind the special circumstance of tribal involvement in the search for a second respository, and to direct DOE to allow the tribes full participation in all aspects of the program and to find a remedy for failing to involve the tribes early in the siting process or the development of the screening methodology and area recommendation.

ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency (EPA) established an Indian policy, "EPA Policy for the Administration of Environmental Programs on Indian Reservations," in November of 1984. NCAI has recognized and commended EPA as the only federal agency to set forth a policy consistent with the overall federal position of support of tribal "self-government" and "government to government" relations between federal and tribal governments. This general federal policy was articulated in the President's September 1983 Indian Policy Statement. However, EPA has never asked Congress for an appropriation for tribal government involvement. It is our understanding that EPA has begun an effort to specifically identify funding for tribes within all EPA program activities in its budget preparation, but these efforts are not reflected in the proposed budget. Due to the absence of earmarked funds and the noticeable lack of mention in most program activities, NCAI questions EPA's commitment to fully implementing its Indian Policy. Adequate funding is absolutely essential to the development of tribal environmental programs.

American Indian and Alaska Native governments, representing the environmental conscience of the nation by their cultures, religions and philosophies, have received only token assistance and resources from EPA to rehabilitate and protect our lands. While EPA's Indian Policy Statement and the four EPA pilot projects on Indian lands have been positive steps, they must be followed by increased and designated funding from each EPA program.

The federally-recognized Indian Tribes have jurisdiction over nearly 50 million acres, or more than three percent of the nation's land base. Tribal governments have jurisdiction over 43,410,186 acres of rangeland and forests, 1,829,118 acres of dry farmland, 917,580 acres of irrigation farmland, 913,000 acres of water reservoirs and lakes, 45,352 reservoirs and impoundments, 3,199 natural lakes and ponds and 12,000 miles of perennial streams. Certainly the EPA should be willing to spend proportionately as much protecting reservation environments as it does protecting the rest of the nation's environment. This is an equitable and just request.

Indian tribes and national tribal organizations have sought amendments to the Safe Drinking Water, Clean Water and Superfund Acts which recognize the proper authority of Indian tribal governments to regulate and enforce environmental standards on Indian lands. These amendments have recently been enacted into law and, when implemented, should afford tribal governments their proper role in participation in the federal regulatory framework in a manner consistent with the EPA Indian Policy, inherent tribal sovereign powers and existing federal law and policy. The process for drafting the implementing regulations is of deep concern to all tribes, and this should be undertaken on a direct government-to-government basis by EPA with the Indian governments.

It is, therefore, critical at this time for the Committee to exercise oversight review over the EPA to ensure that Indian tribal governments receive environmental protection support equal to and consistent with the rest of the nation. There is a continuing need for technical assistance and training on a regional and national basis, and expansion of staff resources to assist with the development of tribal environmental programs on Indian lands, to provide for consultation with tribes on program activities and decisions that affect the tribes and to coordinate activities with other federal agencies including the BIA and IHS.

A major obstacle for tribal governments seeking funding for environmental programs has been baseline data which accurately identifies the environmental problems and needs on Indian land. None of the agencies, including the EPA, BIA and IHS, have this comprehensive data, and EPA's attempts to gather information have been woefully inadequate. EPA, BIA and IHS need to coordinate efforts to conduct surveys which identify drinking water problems, hazardous waste sites and other environmental problems affecting Indian lands. In turn, these surveys also should identify adequate funding levels to properly address and document tribal environmental needs, needs which we know are enormous.

SMITHSONIAN INSTITUTION

Last year we testified before the Appropriations Committees concerning our offense at the Smithsonian Institution's collection of 14,000-now estimated by Smithsonian to be 18,000-American Indian skeletons. Early communications with Smithsonian officials indicated that most of the skeletal remains were extremely old, "prehistoric" remains and that very few could be identified by tribe. We have since found out that this is not the case, and that one of the Smithsonian's major skeletal collections - that transferred to them by the Army Medical Museum - consists of late 19th century Indian burials excavated from all over the country by Army officials. There are literally thousands of letters from Army personnel in the field describing and transferring Indian remains to the Army Surgeon General. In some instances, there is detailed information about the location of the burial site. In some instances, the name is listed of the deceased Indian person whose body was shipped away from its burial site. To have people removed from their burial sites is a grievous violation of Indian religious beliefs. To add insult to injury, the Smithsonian has several hundred Indian human remains on public display on the second floor of the Natural History Museum. We believe that Congress should be concerned about the actions of our national museum system. Ninety percent of the Smithsonian's administrative funds are federal.

Some progress has been made, although not nearly enough, in the past year. The Smithsonian has evidently consented to the return of a handful of Blackfeet skulls, has recently removed one of the many cases of Indian skulls on public display and indicate they will pursue return of 45 skulls for which they have names. An important break-through in increasing public awareness of the fact that Indian people have routinely been removed from their burial sites and placed in museums and universities all over this country and the world came when Senator John Melcher introduced legislation which would set up a mediation process between Indian tribes and museums and other institutions to resolve disputes over repatriation of human remains and sacred objects. Introduction of the bill has increased public sensitivity to this issue, and we believe it has the potential to serve the wishes of Indian people. NCAI strongly supports the intent of the bill, but will make proposals for substantative changes which will better protect our rights to protect the graves of our ancestors, which will allow us as contemporary Native people the free exercise of our religions with regard to the spirits of our ancestors and which will not preclude our litigation efforts, if needed.

With regard to appropriations for the Smithsonian Institution, we would like Congress to direct it to remove all human remains from public display, a policy most museums adopted decades ago we would point out that the National Park Service's forthcoming Native American Relationships policy prohibits public display of Indian skeletal and mummified remains and a draft reburial policy of Region VIII and IX Forest Services offices contains a similar prohibition. We would also like to see many fellowships or stipends made available to tribes so that they can send people to Washington, D.C., to research the Smithsonian's records to find out exactly what of their cultural partrimony is in this Institution. There is a great deal of information available in the Smithsonian's accession records that has not been put on its computer, and Indian people need the information on the accession records in order to press cases for proper care and/or return of human remains and sacred objects. We would also support increased funds for the Smithsonian to put the Indian skeletal and ethnographic records in better and more complete order, including the addition of certain kinds of information to its computer.

NATIONAL PARK SERVICE

Forest Fire Suppression and Presuppression

According to the National Park Service (NPS) budget justification narrative, the 1986 fire season has seen a larger number of fires and more acres burned than the historical average for the NPS. Many Indian reservations border areas under the jurisdiction of the NPS and outbreaks of wildfires can create hazards to lives and property within reservation borders, as well as the destruction of natural foods and medicines gathered and used by Native people. Unless Forest Fire

Suppression and Presuppression budget needs are adequately provided, a constant risk of loss of indigenous cultures adjacent to NPS areas will exist. Actual and anticipated expenditures in FY1986 reflect the increasing cost for fire suppression, but the FY1988 budget request is for the same level of funding as in FY1986. In order to rehabilitate burned areas and to mitigate adverse impacts to Indian country adjacent to NPS systems, we respectfully request that the fire suppression budget be adequately provided for the necessary protection of Indian national people and property.

Road Construction

Efficient management of NPS areas which border Indian reservations requires travel between NPS and reservations on roads that are maintained by the respective jurisdictions. The primary purpose of many of the roads is for NPS use and, therefore, cooperative agreements with Indian governments allowing NPS to maintain roads in these instances could be utilized. No new money is in the FY1988 budget request for road construction, and we ask that appropriations be made available in order for NPS to maintain roads crossing into Indian country.

Employment

NPS employment of Indian personnel from adjacent reservations could be utilized to a greater degree. Discussed above is the need for fire protection. A few reservations have all-Indian fire-fighting crews who work in their geographical regions and are sent as back-up crews to fight wildfires in other NPS regions. NPS would do well to invest appropriated dollars to organize and maintain an elite corps of Indian fire-fighters. NPS should make greater use of the underemployed who reside on or near Indian reservations. Indian laypersons, as well as professional and technical persons, can be enlisted to work on NPS research projects, especially since it is likely that Indian reservations and trust lands are affected.

National Historic Preservation

With respect to appropriations for historic preservation programs, the National Historic Preservation Act (NHPA) of 1966, as amended (16 U.S.C. 470 et seq.), NCAI deplores the Administration's continuing effort to discontinue grants in aid to the State Historic Preservation Officers (SHPOs) and the National Trust for Historic Preservation. The Historic Preservation Fund grants to the states only partially compensate them for the many services they perform in maintaining the national historic preservation program. Particularly important to Indian and Native peoples are the work of the states in advising federal agencies about the preservation of historic properties threatened by agency projects and programs, in cooperation with the Advisory Council on Historic Preservation. This work saves thousands of sites each year that represent the cities, towns, cemeteries and sacred places of Indian peoples. The National Trust also plays an important role, as an external watchdog on the activities of federal agencies and recipients of federal licenses, permits and assistance. We particularly appreciate the National Trust's willingness to use the courts to challenge agency efforts to circumvent the requirements of the NHPA and related authorities.

For the last six years, Congress has denied administration requests to eliminate the Historic Preservation Fund grants program, and has maintained approximately level funding for the program. Level funding has not kept pace with the steadily increasing responsibilities of the SHPOs, particularly as the National Park Service has reduced its own participation in historic preservation activities beyond the national parks, shifting more responsibility to the states. Accordingly, we support the proposal of the National Conference of SHPOs for an increase in funding this year to $60,000,000.

We must point out that the level of funding in the budget years since 1980 has meant that no funds have been available to assist Indian tribes in their participation the NHPA programs. Although a number of tribes, such as the Navajo Nation, the Pueblo of Zuni and Yakima Nation, have initiated organized historic preservation programs, most such programs remain stunted by lack of funds and the urgent need experienced by most tribes for the allocation of funds to other purposes. Although preservation of our historic and cultural places is of deep importance to Indian people, it will be impossible for the tribes to function effectively in the national historic preservation program without some specifically earmarked financial support. Recognizing this, in 1980, Congress amended the NHPA, adding Section 101(d)(3)(B), which authorizes the Secretary of the Interior to "make grants or loans or both...to Indian tribes and to non-profit organizations representing ethnic or minority groups for the preservation of their cultural heritage." Since 1980, however, Interior has never requested an appropriation for purposes of Section 101(d)(3)(B). We believe that a modest appropriation, on the order of $10 million, specifically for purposes of supporting pilot grants under Section 101(d)(3)(B), would have a tremendous stimulative affect on tribal historic preservation programs, as well as on programs developed by Hawaiian Native people and others. By helping the tribes and others participate actively in the national historic preservation program, Congress would help preserve properties both on and off the reservations that are of significance to the tribes and to all the American people, and would help eliminate the inequitable situation that now exists, in which sovereign Indian nations must look to the SHPOs to represent their historical and cultural interests.

We strongly support the Administration's request for $1.73 million for the Advisory Council on Historic Preservation. This small independent agency has significance far beyond what its budget and staff size suggest. As the Administrator of the "Section 106 process," under which federal agency actions are reviewed to identify and reduce their impacts on historic properties, the Council is of central importance to the efforts of tribes and others to protect their historic and cultural places. We are concerned, however, about the fact that, in the last two years, the Council's concerns for the cultural values of American Indians appears to have diminished. Two years ago, the Council produced draft guidelines for the consideration of traditional cultural values in the Section 106 process. These guidelines are excellent, and stand in dramatic contrast with those now in use by Interior, which effectively define the bones of our ancestors solely as scientific specimens to be placed in museums and laboratories for the pleasure of scientists, rather than back in the ground to continue their journey to the spirit world. Although the draft guidelines were widely supported by tribes, other cultural groups, the states and archaeological organizations, they have languished and have yet to be finalized, apparently because of Interior opposition to their publication. We believe that acceptance of the Administration's budget request should be accompanied by strong direction to the Council to finalize its guidelines for the consideration of traditional cultural values, and to reject efforts to water down the guidelines or to make them more compatible with Interior's unconstitutional attempt to infringe upon our religious beliefs in the name of science.

LEGAL SERVICES CORPORATION

Once again, the Administration has proposed no funding for the Legal Services Corporation (LSC), which often is the only available avenue of legal representation for Indian tribes and individuals. The LSC Board, however, has recommended an FY1988 level of $305.5 million, the same amount as appropriated in FY1987. The goal of providing specialized Indian legal services to all of the eligible population is far from complete. Many tribes still have no meaningful access to Indian legal services. The existing providers are receiving virtually the same funding they received in 1981. In 1981, the LSC funding in Indian country supported 178 attorneys and tribal court advocates. The 1986 funding level was nearly the same as the 1981 level but supported only 146 attorneys and advocates. It is our position that funding should be made available to provide for at least the 1981 level of practitioners.

In addition to the 33 Indian legal services programs, LSC funds the Indian Law Support Center (ILSC), through which Indian legal services and other programs receive training and legal materials on substantive Indian law and legal developments, as well as back-up co-counseling in litigation. The ILSC, which operates on a budget of only $260,000, is crucial to the Indian legal services programs. These programs cannot afford well-stocked law libraries, yet they have a greater need than practitioners in other fields to keep up with the dynamic Indian law field.

NCAI objects to the LSC Board's proposal, made both last year and again in its FY1988 budget proposal, to "privatize" the services currently being provided by the support centers. Under the proposal, the support center funds would be dispersed to the field programs, which would then purchase the services they want from the support centers. Both the field and support center programs oppose this suggestion. Support centers could not function efficiently on a fee-for-service system, and their services would be greatly impaired.

We ask the Committee to urge the continuation of the national commitment to provide Indian legal services to all Indian and Native people, including citizens of federally-recognized tribes living on or near reservations and historic Indian territory, as well as Alaska Native and Hawaiian Native peoples. It also includes those tribes recognized by state governments, those tribes which are terminated for some services but retain a special status in other areas, those tribes unlawfully terminated and those unrecognized tribes which need representation to seek federal acknowledgement and recognition and whose citizens have additional legal problems caused by their uncertain status.

INDIAN HOUSING

Since the early 1960s, over 50,000 units of Indian housing have been constructed through assistance from HUD and 60,000 units have been rehabilitated through the BIA's Housing Assistance Program (HIP). Currently, 90,240 Indian families living on reservations or trust land need new or rehabiliated housing. In 1970, this figure was 63,000. Health conditions, which improved greatly in the recent past, now are beginning to decline again, leaving Indian people to face increasingly poor health as well as deteriorating housing conditions.

The Administration's FY1988 Housing and Urban Development (HUD) budget contains $71,520,853 to fund 1,000 units of new Indian housing. The inclusion of any funds is an improvement over the zero dollars and program terminations proposed for the past several fiscal years. However, this is simply inadequate to meet the documented need. It is only 41% of the 2,459 units assisted in FY1987. NCAI resolution #43-86-130 adopted at our Annual Convention in September of 1986 calls for funding of 6,000 units per year.

The FY1988 HUD budget states that "language is also being proposed for the rescission of any authority recaptured during 1988." We oppose this action. In FY1987, language was finally included to reuse recaptured funds in the Indian housing program. The loss of this valuable mechanism would be detrimental to Indian housing needs. NCAI also passed a resolution at our 43rd Annual Convention supporting the use of recaptured funds.

This reduction in proposed HUD funding for new construction is accompanied by a FY1987 rescission proposal in the BIA budget to eliminate the entire $6.311 million available for new construction under HIP. We oppose this rescission. HIP is continually underfunded, leaving a major gap between the growing needs of the very low-income population which the program serves and the HUD modernization which primarily assists more moderate-income reservation residents.

While we are concerned about the number of federally-subsidized housing units that will be constructed in Indian country, we also are concerned with the costs that Indian families have to pay to keep these houses warm. In recent years, a substantial portion of Indian housing units that have been built have been equipped with electric space heating, apparently because of the low front-end cost without concern for the high operating costs for this heating option. We believe that HUD should be required to adequately evaluate the operating costs of heating systems used in subsidized housing. We believe that the evaluation of heating systems should include a preference for passive solar design, either as a primary heat source or as a way of reducing the operating costs of any other primary heating system. We note that passive solar design can usually be incorporated into single family housing at a modest incremental cost (5 percent or less), and that these costs usually can cut heating expenses in half. HUD regulations currently permit an increase in prototype cost to accommodate special conditions, which could include passive solar design. However, some stronger Congressional directive is needed if passive solar design in Indian housing ever is going to become the standard rather than the exception, and we believe that passive solar should become the standard.

A HUD program which could be used to help pay for the incremental cost of incorporating passive solar design into new Indian housing is the Solar Energy and Energy Conservation Bank, commonly known as the Solar Bank. The Solar Bank is a federal assistance program administered by HUD. Assistance is provided in the form of loan subsidies for investments in energy conservation and solar for residential, agricultural and commercial buildings. Matching grants also may be provided to very low-income households for energy conservation. The assistance is distributed through state programs, and the NCAI Fund serves as the Indian assistance coordinator. HUD treats the NCAI Fund as a state for purposes of this program. We ask Congress to approve increased appropriations for this Indian assistance and to take appropriate steps to encourage direct-to-tribes funding system for this program.

When the Solar Bank program was created by Congress in 1980, annual appropriations in the range of $1.5 billion were authorized. Actual appropriations have been less than two percent of this amount. There are no unallocated Solar Bank funds, and the Administration requested no money for this program for FY1988. We believe that Congress should increase its level of support for the Solar Bank. We note that Solar Bank assistance is only available for investments that are cost-effective, but that many low-income and moderate-income families cannot afford them, regardless of their cost-effectiveness. In Indian country, there are several thousand federally-subsidized housing units that were built with electric resistance heat as the primary heating system. Solar Bank assistance is an appropriate way to leverage private funds to lower the heating costs for these units through conservation and solar retrofit investments. NCAI approved resolutions at our 44th Annual Convention supporting increased funding for the Solar Bank program and calling for an updated HUD, BIA and IHS interagency agreement with regard to Indian housing, water and sanitation facilities.

CENSUS BUREAU

A Native American and Alaska Native population undercount which negatively affected service delivery counts and funding caused sufficient concern that the Census Bureau established the Advisory Committee on the Native American Indian and Alaska populations for the 1990 Census to provide an organized and continuing channel of communication between Indian and Native communities and the Census Bureau. The NCAI is seeking membership on the Advisory Committee, in order to provide a national communications link where none exists now.

We would like to point out three areas where the Census Bureau would do well by Indian and Natives to earmark some of the FY1988 appropriations. In addition to the standard census questionnaires administered in the 1980 Census, the Census Bureau sent out a supplemental questionnaire to obtain detailed information for households with at least one

American Indian, Eskimo or Aleut person on reservations and in the historic Indian areas of Oklahoma, excluding urban areas that cannot be addressed from the standard census questionnaire. The Census Bureau has no plans to administer an Indian Supplemental for the 1990 Census. Indian tribes and organizations, including NCAI, have made known to Congress and the Census Bureau the importance of the Indian Supplemental, but the Department of Commerce has not requested appropriations for development and implementation of a questionnaire for the 1990 Census. Due to planning and testing consideration of the supplemental questionnaire, it is critical that funding be made available at this time. The 1980 questionnaire is a model that can be used, if improved, and this would cut designing time and expenditures.

We ask that the Outreach Program utilize funds for sensitivity training for executive staff who are responsible for enumerating the Indian and Native population. Familiarity with cultural, jurisdiction and sovereignty issues will enable enumerators to understand the local residents and facilitate dialogue with those being counted. A related concern is that the Census Bureau has no plans to give a split-block count on off-reservation trust lands, although a count of this type will be done on reservations.

A block grant is the lowest geographical feature of census count, the smallest defined area of a split-block count done within reservation boundaries would give an accurate count of Indians and non-Indians living within a block that crosses a reservation and county line, for example. The current Census Bureau position is that on blocks that cross trust land areas off the reservation no split-block count will be taken. Failure to do a split-block count could negatively affect the data for local review programs and census publications.

The Census Bureau plans to do a split-block count for counties, cities and states, and it seems that, as part of its fiduciary obligations, the Census Bureau should expend funds from its Geography Program and Field Operations to do a split-block count on off-reservation Indian trust lands. We also intend to ask the BIA to request an off-reservation split-block count, since it has agreed to provide the Census Bureau with maps of tribal trust property boundaries. The BIA, however, has never given financial or administrative support to the Census Bureau for Indian and Native enumeration, and it is quite safe to say that the policy will not change this year.

The Census Bureau Field Operations Budget provides for a Local Review Program. The Local Review Program gives all local units of government an opportunity to review the housing unit counts for their political areas. States, counties and cities have in the past received training from state agency data centers on how to identify enumeration errors, but these centers generally are unfamiliar with Indian political subdivision or Indian issues. We recommend that funding be set aside for a training program to be available for the various political units of government in Indian country.

It has come to our attention that Indian applicants who reside in Indian country and have taken the Selection Aide Test are questioning the test's validity. The test is administered to applicant interviewers by the Office of Personnel Management. Indian applicants who did not pass the test suggest it is more oriented to urban situations. The test was evaluated before by Census so that it would not be culturally biased against Black people, but that does not guarantee that it is not biased against Indian people from Indian reservation areas. We request that this Committee take steps to have the test reviewed to assure fairness and cultural sensitivty.

Regarding the Census Bureau's promotion budget, we strongly suggest that, when developing such promotional materials as recruitment material, brochures and public service announcements, Indian and Native people should be utilized. Promotional products aimed at and produced by the Indian and Native peoples would give credence to the Bureau's message to Indian country regarding the importance of enumeration. We also believe that Census has not done its best to employ Indian and Native people. This message should be emphasized until an employment level representative is achieved, including an Indian Desk at the Bureau.

INDIAN AND NATIVE AMERICAN FUNDING UNDER JTPA

Funds set aside under two programs in the Job Training Partnership Act (JTPA) are the main resources available to tribal governments and other Indian and Native American organizations to meet the job training and job creation needs of our peoples. Those needs are the most serious of any population in the American labor force. The last published BIA data shows unemployment across Indian country as equal to half of the available labor force, a figure seven times as severe as for U.S. workers generally. In individual Indian communities as many as 60%, 70% or 80% of the work force can be without jobs. This Committee knows the tragic consequences this produces among Indian people.

Funds for the Basic Job Training Program Would Be Cut

The Administration is asking for $58.8 million for Indian programs under Title IV of JTPA. This is a cut of $2.6 million, or 4.3%, below the amount Congress has appropriated for our programs in FY1987. The FY1987 amount is already below the pre-Gramm-Rudman level. The Administration's request for FY1988 is below the amount available for the program ten years ago, without any allowance for inflation. Our job training programs cannot take any more cuts. This program serves 30,000 unemployed and economically disadvantaged Indian and Native workers each year. It is the largest resource available for developing the work skills of reservation workers and the only resource available to serve Indian and Native American workers in off-reservation areas. We ask the Committee to call on the Budget and Appropriations Committees to oppose this cut.

All Funding for Summer Youth Programs Would Be Jeopardized

The Administration's FY1988 budget contains a legislative proposal which would terminate the present JTPA Title II-B Summer Youth program. A rescission is proposed which would reduce the Indian funds already appropriated for the summer of 1988 from $13.6 million to $11.8 million. All funding might disappear in the summer of 1989. The present JTPA Summer Youth program supports work experience and education programs for 12,000 Indian and Native American people from the ages of 14 to 21 on reservations across the country, in Alaska and in Hawaii. It is virtually the only productive summertime activity available to our youth. The Administration has not revealed the details of its legislative proposal to terminate the JTPA Summer Youth program and replace it with one designed for the states and big cities and targeted on youth in families receiving AFDC. We have no reason to believe that tribes will be included in that proposal at all. Even if they are included, the focus on youth in AFDC families would exclude many economically disadvantaged youth served by the present program. We ask the Committee to intervene with the Budget, Appropriations and Labor Committees to retain the present Indian Summer Youth program at no less than its current funding level.

Linkage with BIA Employment Assistance Might Be Cut

The proposed BIA workfare program would affect the current BIA Employment Assistance program. Many Indian and Native governments now try to link their JTPA activities with BIA Employment Assistance efforts in one comprehensive program to serve their people. The Administration's workfare proposal could destroy these linkages, painfully built up at the tribal level over the years without any help from either the Labor or Interior Departments. We ask the Committee to carefully analyze the impact of the proposed BIA workfare initiative on our JTPA programs and to deny any alteration in BIA Employment Assistance activities.

Other Issues

Although not directly tied to budget proposals, we also ask the Committee's continued oversight on several issues of vital importance to Indian JTPA grantees. These include: consultation, Indian preference and performance standards, as touched on below.

Consultation

The JTPA law explicitly required the Labor Department to consult with Indian and Native leaders on policy issues. DOL has refused to comply with this requirement.

Indian Preference

The JTPA law requires DOL to use personnel with "particular competence" in Indian programs to administer those programs. The responsibility for handling Indian JTPA matters is spread all over Labor's Employment and Training Administration. There are few Indian staff people. Labor refuses to provide for any form of Indian preference in the staffing of offices handling Indian grants and making policy for Indian programs.

Performance Standards

The JTPA law required that performance standards set for Indian programs take the special circumstances of our programs into account. Labor's handling of this requirement has spread confusion and anxiety over potential loss of their grants among grantees and, even worse, is causing grantees to deny services to those who need it the most.

Thank you for your attention to the needs of Indian and Native American employment and training programs.

INDIAN AND NATIVE AMERICAN JTPA FUNDING

Program	Appropriated FY87 Summer 88	Proposed Cuts FY87 Summer 88	Requested FY88 Summer 89
	(Amounts in Millions of Dollars)		
Title IV, Section 401	$61.5	None	$58.8
Summer Youth	13.6	$1.8	11.8
Total JTPA Funds	$75.1	$1.8	$70.7

Notes: The proposed cut of $1.8 million in Indian Summer Youth Funding for the summer of 1988 requires Congressional approval within 45 Congressional working days in order for it to become effective.

The Administration is proposing a new youth program for 1989. Indian funding could be wiped out.

Individual amounts do not necessarily add to totals due to rounding.

ADMINISTRATION FOR NATIVE AMERICANS/ADMINISTRATION ON AGING

The Administration has proposed that 17 programs in the Human Development Services Division of the Department of Health and Human Services be given "generic" funding, meaning that the programs would be combined with an FY1988 funding level of $2.2 billion. These programs combined received funding of $2.3 billion in FY1987. We do not know how the decisions would be made on how to allocate monies among the programs or how such multi-year contracts as those granted through the Administration for Native Americans (ANA) would be treated.

The following programs are included in the proposed block programs:

1) Under the Administration for Children, Youth and Families are the programs of Head Start, Runaway and Homeless Youth, Child Abuse Challenge Grants, Child Development Scholarships, Child Abuse State Grants, Child Abuse Discretionary Activities, Family Violence, Dependent Care Planning and Development, Child Welfare Services, Child Welfare Training and Adoption Opportunities,

2) Under the Administration on Aging is Support Services and Activities, Nutrition and other programs, including grants to tribes, research training and the Federal Council on Aging.

3) Under the Administration on Development Disabilities are the State Grant, Protection and Advocacy and Special Projects/University Affiliated Grants programs.

4) Under the Administration for Native Americans are the programs of Financial Assistance Grants, Training and Technical Assistance and Research, Demonstration and Evaluation.

While a number of the above programs are utilized by tribes, of particular importance is the ANA, whose reauthorization bill the Administration vetoed last year, and the Grants to Tribes for Nutrition and other services. Under this proposal, the Head Start programs would be assured a funding level of at least $1.5 billion. The Administration maintains that no reductions will occur and that the consolidation will promote flexibility. We urge the Committee to attempt to gain additional information and, if allocation data is not forthcoming, to oppose the funding proposal.

INDIAN HEALTH SERVICE

Health care for American Indian and Alaska Native peoples is a United States government trust responsibility, and the Indian nations have a longstanding health insurance policy for which we have paid dearly with land and other valuable resources. Obviously, this responsibility has not been carried out in an exacting fiduciary manner by the federal government, as evidenced by the fact that Indian people have the poorest health conditions of any population in the United States. The FY1988 budget, and indeed no budget, has ever truly been responsive to Indian health needs. This is not to denigrate the improvements that have been made in the area of Indian health, but to place this budget into human perspective.

FY1988 Overview/FY1987 Rescission

The FY1988 proposed budget would make unprecedented reductions in the Hospitals and Clinics and Contract Care programs. These are direct health services for Indian people. Attached is a chart which compares the FY1988 current services level - the cost of running FY1987 programs at Exactly their same level in FY1988 - with the Administration's budget proposal. The Administration is proposing a 13.7% decrease in health services and a 100% cut in facilities construction. As you can see from the attached chart, Hospitals and Clinics would receive an 11.2% cut; Contract Health Care, a 24.5% cut; Community Health Representatives, an 11.3% cut; Health Manpower, a 35.9% cut; and Tribal Management, a 73.5% cut. According to IHS, its proposed FY1988 budget will result in 6,000 fewer admissions and 26,000 fewer hospital days than in FY1987. Ambulatory visits would be reduced from its current level of 179,000 to 117,000, 9,000 fewer patient and escort trips would be made and 11,000 fewer dental patients would be served.

The Administration also is proposing an FY1987 IHS rescission of $57.1 million in facilities construction funds and a $12.1 million reprogramming to meet mandatory federal pay increase and retirement system costs. Attached is a two-page chart which details, by facility, the proposed FY1987 $57.1 million rescission. The $12.1 million proposed reprogramming consists of $9 million from facilities construction, $1 million from the Urban Health and $1.8 million from the Community Health Representatives programs. The fact that IHS has not officially transmitted its reprogramming request to Congress makes us concerned that the Administration plans to withhold spending of these funds and then in the summer or fall to defer the spending until FY1988.

We request that Congress reject both the rescission and reprogramming request, and that an FY1987 supplemental be provided for the $12.1 million needed for the federal pay raise and the Federal Employees Retirement System. Priority facilities should have FY1988 construction and sanitation appropriations, neither of which have been requested in the President's budget.

Phase Out of Community Health Representatives and Urban Programs

The FY1988 budget represents the first time this Administration has not proposed to eliminate the Community Health Representative (CHR) and the Urban Health programs. Perhaps more accurate would be to say that it does not propose to eliminate them immediately. The CHR program is slated for a "phase over" to other funding sources within IHS. This plan is to begin in FY1989 and be completed by 1991. There are no other details available yet for this planned "phase over," but we can assure you that Indian country will be vigilant to see that this plan does not entail eliminating the CHRs, lessening tribal control over this program or decreasing overall health care dollars. Interestingly, the IHS budget justification book contains glowing words for the CHR program. Of the CHR program, the Administration says, "The program has demonstrated accomplishments in the areas of patient utilization of health services, tribal health program development and direct health care delivery. Many community based CHRs are emergency medical service instructors (EMT) and EMTs who provide the staff for the management and operation of ambulance service for Indian communities...Without the active involvement of CHR personnel, many tribal ambulance service programs will not survive. Information, education and technical assistance to effect a reduction in accidents and health hazards has effectively reduced health care and hospitalization needs." We support the National Indian Health Board recommendation that at least a 9.1% increase over the FY1988 service be appropriated for these dedicated health care providers who have not had any increase in their budget since 1980.

The Administration is proposing to eliminate the Urban Health Program by 1991, a program which is currently funded at a very modest $9 million level. The budget justification notes that the 35 urban health programs generated over $9 million from non-IHS sources and goes on to say, "Experience has shown that the IHS funding support enhances the ability of the programs to generate other sources of funding." IHS says it will contact state and local governments to seek funding to offset the elimination of federal dollars to the urban health programs. That is a rather lame offer, as Urban Health programs are already scrambling for every source of funding they can find, including state and local governments. With this proposal, the federal government clearly is claiming that it has no responsibility for urban Indian people, a view we totally reject. We support the provision in S. 129, the Indian Health Care Improvement Act Amendments, which reaffirms that the Urban Health Program is authorized by the Snyder Act, which is premised on federal fiduciary obligations.

Contract Care/Catastrophic Health Care Fund

The Administration is proposing a $47.3 million decrease in contract care. Last year they proposed a $37 million decrease in this program, even though there were projected increases in medical and surgical hospitalization unit costs of 7%, a 10% increase in ambulatory care costs per unit visit and 96% rise in dental service costs. Contract care costs increase more than any other area of the IHS budget, and the appropriations should at least allow for the Consumer Price Index for medical costs, as compared to the Administration's 24.5% reduction from the FY1988 service level. The IHS budget justification gives no rationale for this proposal to cut contract health care by nearly 25%, saying only that medicare and medicade collections will reduce contract care costs by an unknown amount. Contract Care funds are used for purchase of inpatient care when there are no IHS inpatient facilities.

We object to the practice of limiting contract care to emergency services only. This is a ridiculous posture for a health delivery system. In the Northwest and California and in most of the East, South and Great Lakes areas there are no Indian Health Service inpatient facilities. People must literally be in life threatening situations to receive contract health care assistance. It is most disturbing that, because of the lack of timely health care and preventative measures, Indian people suffer unnecessary and untimely deaths, resulting from a budget-driven policy. Congress appropriated, as part of the Contract

Health Care line item, $10 million for a Catastrophic Health Care Fund. This appropriation was desparately needed, and we thank Chairman Udall and the House Interior and Insular Committee for their advocacy in securing the Catastrophic Health Care Fund. Indian Health Service has not yet used any of the $10 million Fund. On page 74 of the IHS budget book it says that the Fund's monies is being "deferred" pending issuance of guidelines. The use of the word "deferred" is disturbing as it is a legal term implying non-use of the money in FY1987. We ask that this Committee exercise oversight over the Indian Health Service's administration of the Catastrophic Health Care Fund to see that guidelines are issued and the money utilized in FY1987.

The Administration proposes no new funds for the Catastrophic Health Care Fund in FY1988, nor does it appear they intend to request funds for it in future years. The budget proposal states that existing authorities can be used to handle costs associated with catastrophic illnesses. We ask that this Committee advocate for FY1988 funding for the Catastrophic Health Care Fund. It was an important breakthrough to get monies for catastrophic illness costs which had been wreaking havoc with tribal health budgets, and we do not want it to be a one time item.

Physician Recruitment/Retention

The Health Manpower or scholarship program allows only for continuation of existing medical scholarships; no new scholarships are given under the FY1988 budget proposal. This, combined with the phase out of the National Health Service Corps will result in the unavailability of physicians for Indian facilities within a few years. The National Health Service Corps is the source for 70% of IHS physicians, and provides about 150 doctors per year to IHS. It is estimated that by 1990 IHS will be able to recruit only 10 physicians from the Corps. The Office of Technology Assessment will soon release a report which will say that there is an impending crisis in the availability of physicians for IHS facilities, and that many facilities will serve only outpatients unless something is done soon about physician availability. American Medical Association reports on the surplus of physicians in the United States note that the surplus does not translate into a sufficient number of doctors in rural areas.

The Indian Health Service is proposing to use $1.3 million in FY1987 Hospitals and Clinics monies for physician recruitment. Perhaps a more effective approach would be the establishment of a loan repayment program for physicians who serve in IHS facilities. We concur with the National Indian Health Board proposal that $2 million be appropriated for this purpose. Efforts need to be expanded to train Indian people to become physicians, because we are a long way from having a substantial portion of Indian physicians in IHS facilities. The advantage of a program to help repay medical schools costs is that it is an effort which could get underway in a very short period of time.

We would also point out that efforts need to be made to retain physicians at Indian health facilities. Adequate housing and medical facilities, a stable source of support personnel and, for non-Indian physicians, orientation and sensitivity training in cultural matters are important components in successful physician retention.

Resource Allocation Methodology/Indian Health Care Fund

The Conference Report for the Continuing Appropriations Resolution, CR Report No. 99-1005, provides that the Area Resource Allocation Methodology (ARAM) shall not affect more than three percent of the base resources of IHS for fiscal year 1987. If IHS wants to reallocate more than three percent of its base, its must submit a report to Congress sixty days in advance of the change. The report must state the reasons for reallocating more than three percent of the base resources and must confirm that affecced tribes and tribal organizations have been consulted.

The Indian Health Service has, via a December 29, 1986 memorandum from the Director of the Indian Health Service to IHS Area and Program Directors, instructed that a two percent reduction be made in FY1987 Hospitals and Clinics, Contract Care and Dental programs to implement ARAM. We believe that a better approach than making a few programs fund the base reallocation would be to fund the Indian Health Care Fund, as authorized in Title II of the Indian Health Care Improvement Act Amendments, S.129. The authorization for the Fund is $18 million, which compares with the two percent reallocation of approximately $13.4 million. While a case can be made for the existence of inequitable funding levels based on need among the various IHS geographic areas, we all know that no area receives enough funds to meet the health care needs of the Indian people it serves.

Tribal Contracting/Tribal Management Program

The IHS budget justification states "the IHS will embark on a 10-year self-determination goal to have Indian tribal organizations administer 75 percent of IHS hospitals and clinics by 1998. However, it must be recognized that the participation of tribes or tribal organizations in self-determination activities is voluntary." In light of the current Bureau of Indian Affairs' fiasco of trying to force tribes to contract all BIA schools within a year or else have them turned over to states or other private interests, we appreciate the IHS comments that contracting is voluntary activity. We do want to make it clear, however, that the National Congress of American Indians will very closely monitor self-determination activities to see that this is not a guise for a "privatization" scheme or that IHS is simply trying to get out of its trust responsibility for health care. Obviously, many tribes want to contract programs and to increase the number of programs under their authorities. There currently are 394 health contracts pursuant to P.L. 93-638. Many of these contracts are for the Community Health Representative program, which is totally contracted by tribes. Only 20 new health contracts were entered into from 1981 to 1985. It is apparent that there are impediments to contracting, chief among them layers of bureaucracy, legal barriers in contracting of some program functions and, importantly, insufficient funding to cover administrative costs of the contracts.

The Administration is requesting $2.5 million for indirect costs associated with the administration of P.L. 93-638 contracts. This is the same amount of indirect costs funds contained in the FY1987 appropriation. However, the FY1988 budget proposes that the funds be limited to P.L. 93-638 awards which are: 1) an initial transfer of a program previously operated by the IHS to the tribal organization, or 2) an expansion of current tribal operations through the assumption of additional health programs previously operated by IHS. It appears, therefore, that the indirect costs will be available only to grants which are new or which are assuming new functions. IHS testified in FY1987 budget hearings that there was an expected shortfall of $10 million in tribal contracting costs. An IHS official said from the podium at the RAM meeting in Tulsa in October, 1986 that IHS had requested $15 million in indirect costs for tribal contracts in FY1988, and that HRSA had approved it, but that the Public Health Service said no to the request. According to the IHS budget justification data, an IHS report on indirect costs needs will be available in late March, 1987 and the report will be finalized by Mid-April, 1987. We urge this Committee to advocate for an indirect cost amount which actually meets the needs. We are certain that the figure is closer to the $15 million figure than the Administration-requested $2.5 million figure. Without reasonable indirect costs funding, tribes will not be able to continue with contracts and enter into new contracts. IHS has a goal to encourage increased tribal contracting, but it will never happen if tribes cannot afford to administer the programs themselves.

While not providing indirect cost monies, the Tribal Management Program certainly helps tribal governments to better assume contracting functions. We are sorry to see that the Administration is once again trying to eliminate this program. It proposes an FY1988 budget of $749,000. This compares to an FY1988 current services level of $2.83 million and an FY1987 appropriation level of $2.68 million. The Tribal Management Program grants assist tribes in developing and implementing tribal health departments, including health planning, financial management and community development capability.

Substance Abuse Programs

The Administration is proposing to make large cuts in substance abuse programs throughout the government, including the Indian Health Service. They seem to view last year's "war on drugs" as a several month skirmish. In addition to the IHS cuts, the BIA is proposing to rescind its FY1987 construction monies under the Omnibus Drug Act, and is not requesting training or construction funds for substance abuse in the FY1988 budget. The BIA does request $2.4 million for school counselors under the Act in its FY1988 budget.

The IHS substance abuse programs appear in two items in the budget charts. The Alcoholism Program line item was funded at $27.7 million in FY 1987, and its current services level for FY1988 is $29.1 million. The Administration is requesting a 9% decrease from current service levels, or $26.4 million for the Alcoholism Program in FY1988.

The second substance abuse line item in the FY1987 budget was $16.2 million for activities funded under the Omnibus Drug Abuse Act of 1986. The Administration is requesting no money for activities under this Act in FY1988. The $16.2 million in FY1987 monies is for staffing of regional treatment centers, community-based and aftercare services, community education and training and establishment of a Navajo demonstration project. Most of these efforts should be ongoing activities. Staff and educational needs and aftercare services for people coming out of rehabilitation do not disappear after one year.

The Omnibus Drug Act is an opportunity to dramatically increase our efforts to prevent and treat substance abuse in Indian country. The fight has to continue. Nothing could be more demoralizing than to begin new education, training and treatment programs only to have them halted almost as soon as they had begun.

ARCHIVES

There is a rapidly growing recognition in Indian country of the urgency to develop tribal archives. There has been nearly total neglect, until recently, in the development of tribal archives. Many records of importance to tribes are in the possession of the Bureau of Indian Affairs, the National Archives, law firms and various churches which historically ran the educational systems on reservations. Tribal governments have generally given low priority to records management and archival development of their own records. Records management systems to deal with current and future records and archives to organize, preserve, and make accessible past records, including documents, photographs, maps and sound recordings, are vital to the process of cultural preservation and of assertion of Native legal rights.

We are very pleased that the National Historical Publications and Records Commission (NHPRC) has in the past several years placed more emphasis on assistance in tribal archival development, and that they have recently included oral history projects as eligible activities under their grants. The National Congress of American Indians, with a grant from the National Historical Publications and Records Commission, conducted a two-day National Indian and Native Archives Conference, September 24-25, 1986 in Phoenix. There was tremendous tribal interest in the Conference. We were able to bring together a broad range of prominent Indian and non-Indian archivists and historians to speak about the importance of archives, funding and technical assistance sources and guidance on how to locate records of importance to tribes. A striking example of the negative consequences of lack of records management was given at the Conference - the Legal Services Corporation, attempting to pursue Old Age Assistance Claims awards for members of a tribe, were able to find only 7% of the expected documentation necessary to pursue these claims.

The Administration has consistently asked for no funding for the National Historic Publications and Records Commission, and FY1988 is no exception. During the Reagan Administration, Congress has appropriated $4 million annually for the Commission. Funds are divided evenly between records projects and historical publications. We ask that Congress appropriate $5 million for the NHPRC which is their authorization level. A modest increase of $1 million could literally make the difference between whether tribes are able to begin the critical process of establishing records management systems and developing archives, processes vital for the continuity of culture assertion of legal rights.

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ATTACHMENTS

A. Indian Health Service Budget Chart: Comparison of FY1988 Current Services with FY1988 Office of Management and Budget Allowance

B. Indian Health Facilities Chart: Proposed Indian Hospitals and Clinics Rescission

C. NCAI Contract Support Questions to the Bureau of Indian Affairs

D. NCAI Resolution Expressing Lack of Confidence in and Urging the Resignation of Mr. Ross O. Swimmer as Interior Secretary for Indian Affairs

E. NCAI Resolution to Oppose the Bureau of Indian Affairs "Tribe/Agency" Allocation System

F. Editorial - The Albuquerque Tribune: "Raspberries for Ross: BIA boss' ideas for Indian ed are bad news for New Mexico"

G. Editorial - The Arizona Daily Star: "Indian school plan: Funds and support would better serve tribes"

H. NCAI News Statement - BIA Proposed Budget, January 8, 1987

I. Memorandum from Interior Deputy Assistant Secretary for Indian Trust and Economic Development to BIA Chief of Forestry Division, re: "Preparation of Request for Solicitor's Opinion" (February 11, 1987)

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INDIAN HEALTH SERVICES BUDGET
Comparison of FY 1988 Current Services with FY 1988 OMB Allowance
($ in thousands)

Program	FY 1988 Current Services[1]	FY 1988 Administration Proposal	Increase or Decrease $	Increase or Decrease %
Hospitals	$519,278	$461,142	-$58,136	-11.2%
Maintenance	9,359	9,025	- 334	- 3.6
Dental Services	27,898	26,684	- 1,214	- 4.3
Mental Health	12,174	11,738	- 436	- 3.6
Alcoholism	29,175	26,414	- 2,761	- 9.5
Contract Health Care	193,482	146,090	- 47,392	-24.5
Sanitation	23,676	23,307	- 369	- 1.6
Public Health Nursing	13,903	13,659	- 244	- 1.8
Health Education	4,151	4,008	- 143	- 3.4
Community Health Reps.	27,282[2]	24,191	- 3,091	-11.3
Hepatitis Immunization	416	395	- 21	- 5.0
Urban Health	9,424[3]	8,000	- 1,424	-15.1
Health Manpower	7,244[4]	4,646	- 2,598	-35.9
Tribal Management	2,829	749	- 2,080	-73.5
Program Management	39,781	34,337	- 5,444	-13.7
SERVICES, TOTAL	$920,072	$794,385	-$125,687	-13.7%

Footnotes

1. Includes $12,161,000 for federal pay raise and FERS, and $48,816 for "built-in increases".
2. Proposed transfer of $1,809,000 factored back in.
3. Proposed transfer of $1,000,000 factored back in.
4. Proposed "non-recurring decrease" of $938,000 factored back in.

Source of data: FY 1988 OMB Allowance chart for Indian Health Services

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Indian Health Service Facilities	FY 1987 Appropriations	FY 1988 Administration Proposal
Hospitals		
New & Replacement	34,560	-
Modernization & Repair	2,450	2,450
Outpatient Facilities	7,585	-
Sanitation Facilities	20,000	-
Personnel Quarters	6,460	-
FACILITIES, TOTAL	71,055	2,450

Indian Health Facilities
Detail by Project

		FY 1987 Approp.	FY 1987 Unoblig.	Total Available	Proposed Transfer	Proposed Rescission	Current Estimate
Hospitals:							
New/Replacement Hospitals:							
Anchorage	Ak.	4,500,000	1,881,748	6,381,748	4,500,000	1,852,000	29,748
Browning	Mt.	0	1,433,492	1,433,492	0	1,325,000	108,492
Chinle	Az.	0	49,030	49,030	0	9,000	40,030
Chinle Solar	Az.	0	69,948	69,948	0	69,948	0
Crow	Mt.	0	15,000	15,000	0	0	15,000
Crownpoint	NM	0	2,445,487	2,445,487	0	92,933	2,352,554
Kanakanak	Ak.	0	778,856	778,856	0	0	778,856
Kotzebue	Ak.	0	1,907,916	1,907,916	0	1,900,000	7,916
Pine Ridge	SD	9,677,000	1,360,000	11,037,000	1,677,000	8,192,000	1,168,000
Rosebud	SD	8,142,000	0	8,142,000	0	1,168,000	6,974,000
Sacaton	Az.	9,066,000	330,569	9,396,569	0	3,096,569	6,300,000
Shiprock	NM	3,175,000	68	3,175,068	3,175,000	68	0
Tahlequah	Ok.	0	66,997	66,997	0	66,997	0
Subtotal		34,560,000	10,339,111	44,899,111	9,352,000	17,772,515	17,774,596
Modernization/ Repair:							
Albuquerque	NM	0	416,462	416,462	0	0	416,462
Barrow	Ak.	0	11,730	11,730	0	11,730	0
Bethel	Ak.	0	492,000	492,000	0	122,000	370,000
Ft. Defiance	Az.	0	1,278,200	1,278,200	0	1,153,200	125,000
Bemidji Area		150,000		150,000	0	150,000	0
Ft. Hall	Id.	150,000		150,000	0	150,000	0
Ft. Yates & McLaughlin	ND SD	400,000		400,000	0	400,000	0
Mt. Edgecumbe	Ak.	700,000	1,500,000	2,200,000	0	2,041,270	158,730
Sisseton	SD	450,000		450,000	0	450,000	0
Tuba City	Az.	600,000		600,000	0	600,000	0
Parker	Az.	0	50,000	50,000	0	0	50,000
Subtotal		2,450,000	3,748,392	6,198,392	0	5,078,200	1,120,192
Subtotal, Hospitals		37,010,000	14,087,503	51,097,503	9,352,000	22,850,715	18,894,788

Indian Health Facilities
Detail by Project

		FY 1987 Approp.	FY 1987 Unoblig.	Total Available	Proposed Transfer	Proposed Rescission	Current Estimate
Outpatient Care Facilities:							
Anadarko	Ok.	0	19,934	19,934	0	19,934	0
Ft. Duchesne	Ut.	0	244,096	244,096	0	242,920	1,176
Ft. Hall	Id.	428,000	632	428,632	0	428,632	0
Ft. Thompson	SD	0	998,949	998,949	0	911,064	87,885
Huerfano	NM	0	3,278	3,278	0	1,008	2,270
Inscription House	Az.	0	2,835	2,835	0	1,184	1,651
Kyle	SD	0	2,956,700	2,956,700	0	2,935,858	20,842
Toppenish	Wa.	850,000	616,244	1,466,244	0	870,000	596,244
Tsaile	Az.	0	7,102	7,102	0	7,102	0
Wagner	SD	0	458,400	458,400	0	458,400	0
Wolf Point	Mt.	0	3,454,000	3,454,000	0	3,445,043	8,957
Ft. Belknap	Mt.	807,000	0	807,000	0	807,000	0
Alcoholism Ctrs.		5,500,000	0	5,500,000	0	0	5,500,000
Subtotal		7,585,000	8,762,170	16,347,170	0	10,128,145	6,219,025
Personnel Quarters:							
Chinle-Inscription House	Az.	0	379,960	379,960	0	0	379,960
Crownpoint	NM	0	405,454	405,454	0	80,474	324,980
Ft. Thompson	SD	0	1,279,200	1,279,200	0	1,179,200	100,000
Ft. Duchesne	Ut.	0	48,369	48,369	0	0	48,369
Huerfano	NM	0	8,452	8,452	0	0	8,452
Kanakanak	Ak.	0	4,132,800	4,132,800	0	3,882,800	250,000
Sacaton	Az.	0	158,040	158,040	0	0	158,040
Tsaile	Az.	0	117,074	117,074	0	0	117,074
Kyle	SD	1,615,000	0	1,615,000	0	1,615,000	0
Rosebud	SD	4,845,000	0	4,845,000	0	4,845,000	0
Subtotal		6,460,000	6,529,349	12,989,349	0	11,602,474	1,386,875
Sanitation Facilities:							
Navajo-Hopi Relocation		0	4,920,000	4,920,000	0	2,740,000	2,180,000
Other		20,000,000	858,666	20,858,666	0	9,778,666	11,080,000
Subtotal		20,000,000	5,778,666	25,778,666	0	12,518,666	13,260,000
Total		71,055,000	35,157,688	106,212,688	9,352,000	57,100,000	39,760,688

NATIONAL CONGRESS OF AMERICAN INDIANS
CONTRACT SUPPORT QUESTIONS
TO THE BUREAU OF INDIAN AFFAIRS

1. How did you arrive at 15% as the amount of administrative costs allowed?

2. What are allowable indirect costs?

3. What are considered direct costs?

4. Does the 15% take into account the rapid rise in liability insurance costs for tribal contractors?

5. Does this percentage factor in the cost for single or A-128 audits?

6. How many tribal contractors have indirect cost rates (ICR's) at or below 15%?

7. What is the dollar volume of contracting under P.L. 93-638 of those tribes with ICR's at or below 15%?

8. How many tribes have ICR's above 15%, but not over 25%?

9. What is the amount of contracting by these tribes in question 8 above?

10. How many tribes have ICR's above 25%?

11. What is the amount of contracting by these tribes in question 10 above?

12. Have you considered the impact of the rule on various tribal contractors? For example, would a tribe with a 10% ICR receive their 15%, amounting to a 50% increase? In general, is it likely that those tribes with low ICR's contract in relatively larger dollar amounts, which could amount to substantial "windfalls" for tribes with low ICR's?

13. Conversely, would small tribes tend to contract in smaller amounts and have higher ICR's? Would the 15% adversely affect small tribes? Would the BIA by this rule exaggerate an already inequitable funding situation where smaller tribes tend to receive the short end?

14. Many small tribes maintain that they cannot afford to contract under the 15% rule. There appears to be some validity to this since many of the small tribes can experience a Contract Support Service reduction of 50%, 67% or larger.

    If such tribes retrocede or refuse to recontract, is the BIA prepared to reassume the non-contracted programs?

15. What will be the impact of the 15% rule on non-Bureau contracts and grants? Won't a tribe with, for example, an ICR of 30% have a "theoretical overrecovery" of 15%, and be audited to have unallowable costs for funds not received? Will the 15% rule in this case result in lowering such a tribe's ICR the following year?

Resolution 43-86-4

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RESOLUTION EXPRESSING LACK OF CONFIDENCE IN AND URGING THE RESIGNATION OF MR. ROSS O. SWIMMER AS INTERIOR ASSISTANT SECRETARY FOR INDIAN AFFAIRS

Whereas, Indian and Native governments and people gathered in Phoenix, Arizona, for the 43rd Annual Convention of the National Congress of American Indians, in order to promote the common interests and welfare of American Indian and Alaska Native peoples; and,

Whereas, Interior Assistant Secretary Ross O. Swimmer has demonstrated in numerous instances an utter lack of commitment to the letter and spirit of President Reagan's Indian Policy Statement of 1983, the cornerstone of which is a government-to-government relationship between the United States and the Indian and Native governments; and,

Whereas, key to a meaningful government-to-government relationship is cooperation, information sharing, open dialogue, proper diplomatic relations and consultation, especially regarding matters of importance in treaty, property, cultural and human rights; and,

Whereas, the Affiliated Tribes of Northwest Indians in its 1986 Annual Convention enacted a resolution calling for the resignation of Interior Assistant Secretary Swimmer and has called upon the NCAI member Indian and Native governments to take similar action, and four Committees of the 43rd Annual NCAI Convention have endorsed and recommended this action; and,

Whereas, specific instances of Interior Assistant Secretary Swimmer's disregard of the principles of the government-to-government relationship and of the President's Indian Policy Statement include the following:

1. the general failure to keep Indian and Native governments informed regarding important matters, including dismantling the Bureau of Indian Affairs Public Information Office and defunding the NCAI Fund's information dissemination and policy analysis program, which in recent decades kept Indian and Native governments and people informed of proposed federal actions in a timely fashion;

2. the failure to provide Indian and Native peoples with meaningful access to the Assistant Secretary's office and the refusal to conduct more than superficial meetings with Indian and Native leaders;

3. the decision, absent any consultation, to limit proposals to handle the investment of $1.7 billion in Indian and Native trust funds to six select banks, and the failure to engage in meaningful dialogue regarding this property right prior to or since announcing this decision;

4. the decision to prohibit key officials from the BIA central office and all Phoenix Area BIA employees from attending the 43rd Annual NCAI Convention in their official capacities without an express request by Interior Assistant Secretary Swimmer, including the decision to prohibit any BIA participation in the Indian and Native Veterans Outreach Business Development Seminar, which enjoyed the participation of some ten other federal agencies serving veterans' needs, and the decision to prohibit any top-level participation in the first National Indian and Native Archives Conference;

5. the proposal, developed without any Indian or Native consultation, to set all contract support cost rates at a fixed 15% level, which is a transparent attempt to reduce the BIA budget for direct-to-tribes funding, which is illogical and impractical in management terms and which is in conflict with the federal policy of self-determination;

6. the repeated undermining of tribal jurisdictional and sovereign rights, such as the Interior Assistant Secretary's attempt to place certain educational and child welfare programs under state control, and the attempt to put the Five Civilized Tribes under state authority of Oklahoma and the refusal to place lands into trust status at their request;

7. the Interior Assistant Secretary's recent dismissal of a lease cancellation petition filed by the Arapahoe and Shoshone Tribes of the Wind River Reservation, without affording the Tribes an opportunity to be heard, for the stated reason that such dismissal would facilitate a settlement of the matter when, instead, promptly following such dismissal the lessees withdrew from settlement negotiations; and,

Whereas, in light of the foregoing, the Indian and Native governments have lost confidence in Mr. Swimmer and believe that the best interests of the Indian and Native peoples would be served by an Assistant Secretary who would forcefully advocate the interests of the Indian and Native nations, in accordance with the President's 1983 Indian Policy Statement, and in accordance with federal laws and treaties protecting the Indian and Native governments and peoples;

Now, therefore, be it resolved that the Indian and Native governments and people assembled for the 43rd Annual National Congress of American Indians Convention urge and demand the resignation and/or removal of Mr. Ross O. Swimmer as Interior Assistant Secretary for Indian Affairs.

Adopted by the 43rd Annual National Congress of American Indians Convention, September 26, 1986, Phoenix, Arizona.

Resolution 43-86-148

NATIONAL CONGRESS OF AMERICAN INDIANS

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RESOLUTION TO OPPOSE THE BUREAU OF INDIAN AFFAIRS "TRIBE AGENCY" ALLOCATION SYSTEM

Whereas, Indian and Native governments and people gathered in Phoenix, Arizona, for the 43rd Annual Convention of the National Congress of American Indians, in order to promote the common interests and welfare of American Indian and Alaska Native peoples; and,

Whereas, the Bureau of Indian Affairs has unilaterally adopted a new budget request and fund allocation system called "Tribe Agency;" and,

Whereas, many tribal programs, especially fish and wildlife programs, were in the start-up phase and did not include indirect costs or were woefully underfunded; and,

Whereas, this system has made it extremely difficult to identify specific program needs and shortfalls, resulting in hardships and setbacks for tribal programs; and,

Whereas, because of the already severe cuts in most programs, there is immediate need to protect all programs from further cuts that will result from this system;

Now, therefore, be it resolved that the National Congress of American Indians hereby requests the Congress of the United States of America and the Secretary of the Interior to undertake immediate steps to assure that essential tribal programs are not inadvertently and irreparably damaged by the appropriations, allocation and discretionary implementation of new systems; and,

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Resolution 43-86-148 (continued)

Be it further resolved that the Bureau of Indian Affairs, in consultation with the tribal governments, is requested to make an immediate review of program bases to determine realistic need levels necessary to carry out trust responsibility and that these needs be proposed to Congress.

Adopted by the 43rd Annual National Congress of American Indians Convention, September 26, 1986, Phoenix, Arizona.

"Give Light and The People Will Find Their Own Way"

The Albuquerque Tribune

Page A-10 Wednesday, January 14, 1987

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EDITORIALS

Raspberries for Ross

BIA boss' ideas for Indian ed are bad news for New Mexico

Ross Swimmer, head of the Bureau of Indian Affairs, was out West this week trying to sell off a wagon-load of snake oil.

From the looks of it, most New Mexico Indians aren't buying. Neither should anyone else.

Swimmer is hawking a 1988 BIA budget proposal that sports a number of awful features. Last week we criticized a plan to charge a flat, $850-per-semester tuition to students, many of them poor, who attend Southwest Indian Polytechnic Institute and other Indian colleges.

That looked pretty bad — but there's a provision that's even worse. Swimmer wants the BIA to unload its long-standing responsibility for educating Indian children. He's offering the tribes an "opportunity" to try to run their BIA schools themselves. If the tribes decline, or fail, the states would take over.

Swimmer is trying his durndest to make the odiferous idea smell sweet. He claims the BIA would continue to provide money for schools by contracting out its educational responsibilities. He talks of the self-sufficiency and self-esteem that this kind of setup would encourage.

That all sounds great, but it's embarrassingly obvious what he's really up to. He's scrambling desperately to cut as much of his budget as he possibly can, to help President Reagan achieve his twin goals of meeting Gramm-Rudman restrictions and getting the federal government out out of the social-service business.

The proposal is badly flawed for several reasons.

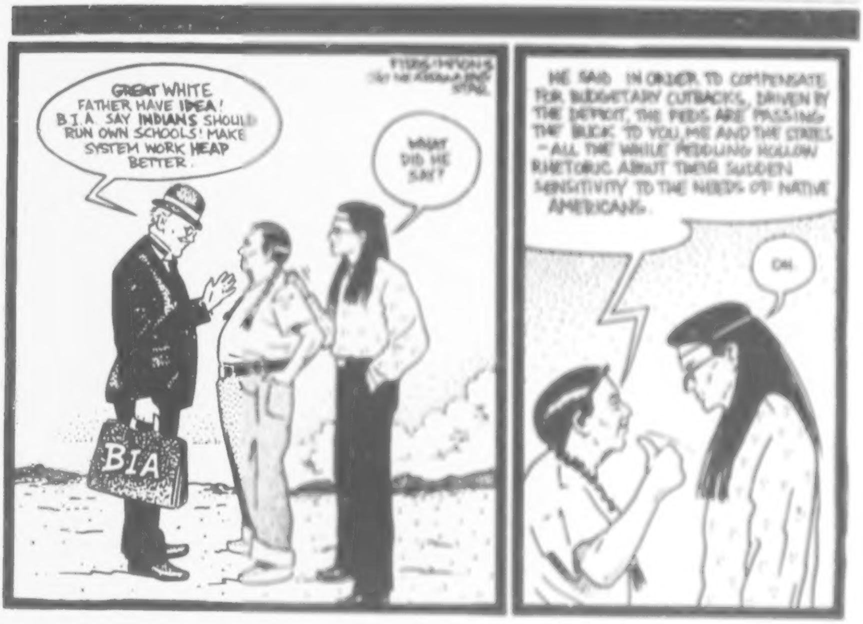
- It's doubtful that the BIA will provide the tribes with enough money to establish high-quality, independent school districts.
- Though the BIA is promising money for Indian education now, what will happen in a couple of years when Gramm-Rudman requirements are even more demanding and the feds are forced to cut back even more? It's quite possible that they'll question why they're providing any money for Indian education at all — especially since they're not running any of the schools themselves. That's really what Swimmer has in mind, despite all his sweet talk.
- Once that happens, who'll be stuck with the bills? The tribes won't be able to afford them. Many tribes here are suffering disgraceful levels of poverty and unemployment.

You guessed it — state government — a government that is faced with a deeply troubled economy and lagging revenues for the forseeable future. The New Mexico Legislature is having enough trouble raising money for its existing public schools, without having to raise additional money for the tribes — which, because of their own economic troubles and special tax breaks, don't contribute as much as other taxpayers to state coffers.

- The tribes and state government have taken important steps in recent years to improve sometimes-stormy relations. A proposal like Swimmer's is likely to set them at eachother's throats again, competing for money and striving to exert influence over one another.
- The education of Indians has been a clearly defined federal responsibility virtually since the establishment of the republic. Why should the feds be allowed to squirm out of that now?
- Finally, Swimmer has been going around telling everybody what a bad job the BIA has been doing and how much better a job the tribes — or presumably anybody else — could do. If Swimmer, with all his power, all his employees and all the BIA's money, can't accomplish anything worthwhile, he should resign and let someone else more capable step in. That would be more responsible than just giving up.

Indian leaders have been letting Swimmer know how they feel about the proposal. It's time now for everyone else to stand up and give him the raspberry.

Tucson, Friday, January 16, 1987


GREAT WHITE FATHER HAVE IDEA! B.I.A. SAY INDIANS SHOULD RUN OWN SCHOOLS! MAKE SYSTEM WORK HEAP BETTER.
WHAT DID HE SAY?
BIA
HE SAID IN ORDER TO COMPENSATE FOR BUDGETARY CUTBACKS, DRIVEN BY THE DEFICIT, THE FEDS ARE PASSING THE BUCK TO YOU, ME AND THE STATES —ALL THE WHILE PEDDLING HOLLOW RHETORIC ABOUT THEIR SUDDEN SENSITIVITY TO THE NEEDS OF NATIVE AMERICANS.
OH.

Comment

The Arizona Daily Star
Founded 1877
Michael E. Pulitzer, Editor & Publisher   Susan J. Albright, Editorial Page Editor

EDITORIALS

Indian school plan

Funds and support would better serve tribes

Call him Ross "Sink or Swim"(mer). Call him an Indian who is showing an arrogance in his position as assistant secretary of the Interior in charge of Indian affairs "that few white men would dare show."

That's what Suzan Shown Harjo, executive director of the National Congress of American Indians, says about Swimmer.

Tough talk. But Harjo is in a tough spot. She sees Swimmer's suggested changes in Indian education, which are part of President Reagan's proposed fiscal 1988 budget, as "knocking the props out from under Indian people." She's right to be worried.

The Bureau of Indian Affairs schools Swimmer characterized as "alarmingly substandard" need to be improved, but that process is under way, Harjo says. By offering Indians a "take it or give it away" choice for those schools now, the BIA is sabotaging that process.

Harjo's not alone in criticizing the plan, which would have the Bureau of Indian Affairs turn responsibility for Indian schools over to the tribes or the states. Many question the proposal, which was developed without Indian input.

Roger Bordeaux, executive director of the Association of Contract Tribal Schools, says "there's still skepticism in Indian country that self-determination is termination" of federal responsibility for Indians. He thinks this is just the first step to federal abdication of its responsibility toward Indians — a suspicion that is understandable, considering the Reagan administration's other social policies.

Contract schools, encouraged by a 1975 law, are those run by the tribes with federal funds. The nation has 68 of them, with a student population of more than 11,000. They are created when tribal councils agree to petition to take over the operation of former BIA, public or parochial schools, or to begin new schools.

Bordeaux, whose group provides support and access to resources (informational, not financial) to tribes that contract schools, said opting for contract schools gives Indians more local control over their schools, and can mean improvement. But he doesn't support the kind of forced contracting that would result from Swimmer's plan.

Although contract schools are often a beneficial alternative for some tribes, others aren't ready to take over operations, Harjo says. For them, the only other alternative under Swimmer's guided plan would be for the BIA's 181 schools to become state schools. In many cases, that means Indian children might suddenly find themselves a poor minority in a great, white school — a school that will have no particular interest in teaching Indian culture.

Both Harjo and Bordeaux say Swimmer's extremely negative assessment of BIA schools is convenient for his purposes, but unfair. Harjo points out that the big national health and welfare reforms for the majority of the American population took place in the 1930s and 1940s. For the Native American population, those changes took place in the 1970s. That era brought higher academic standards at BIA schools and more local control. Since then, things have been improving.

If the BIA wants to help improve Indian education, it should provide more funds and more support for the schools. Dumping a system in transition is no way to improve that system; it's the way to sink it.

NATIONAL CONGRESS OF AMERICAN INDIANS
Est. 1944

News Statement　　　　For Immediate Release

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Cheyenne & Creek Nations

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Washington, D.C. (1/8/87)--National Congress of American Indians Executive Director Suzan Shown Harjo today charged that the Administration's Bureau of Indian Affairs FY1988 budget "reflects a lack of commitment at the top of the BIA to the federal-tribal government-to-government policy and is, in some aspects, a blueprint for termination."

Documents from the BIA and the Office of Management and Budget confirm that several onerous budget proposals - including plans to transfer BIA schools to states, to wipe out money to strengthen Indian governments and to impose a 15% flat indirect cost rate on Indian operation of BIA programs - originated in the office of the head of the BIA, Interior Assistant Secretary Ross O. Swimmer, and were agreed to but not imposed by OMB.

For instance, an OMB passback document on the BIA's proposal to institute the 15% flat fee says, "BIA is encouraged to continue implementing a flat 15% administrative fee in lieu of negotiated indirect cost payments on tribal contracts." Regarding another BIA proposal to reduce general welfare assistance to Indian people and impose a "workfare" system, OMB simply replied, "The initiative is approved."

The BIA/OMB budget development documents, which span the period from September 2 to December 8, also confirm that the BIA "failed to consult with Indian peoples, as required by treaty and statutory law and as promised by the President in his Indian Policy Statement," said Harjo.

The schools-transfer plan was developed by the BIA sometime after the span of documents and outside the normal Administration budget process. The plan was brought to light in mid-December by Rep. Dale Kildee (D-Mich.) after learning of Swimmer's efforts to promote the transfer with incoming Republican state governors. "The BIA now is preparing an incentive numbers run for some states to encourage their support," said Harjo.

While details of the plan have been shared with states, they have been kept secret from tribes. Swimmer informed Hill staffers in a January 7 briefing that he wanted to "talk philosophy, not specifics," and that no budget details for any BIA proposal would be available until January 20, when he will submit the BIA's budget justification book to Congress.

The draft BIA budget justification book opens with the statement that its FY1988 proposal "reflects two important initiatives: increased input by tribal governments in budget formulation and increased use of private resources in BIA operations." The draft also claims that Swimmer, prior to

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submitting his request to OMB in early September, "formally solicited recommendations from tribal leaders on what they saw as national priorities" and that the final budget "will be based on tribal recommendations."

These claims are not borne out by early reaction of tribal leaders to the BIA plans. On December 23, Oglala Sioux Tribal Vice President Paul Iron Cloud wrote to Swimmer that the Tribe had just heard about the schools-transfer plan and "will use every means to oppose this plan" to "turn over to certain states (BIA's) remaining education responsibilities." Iron Cloud pointed to the President's pledge that tribes would be involved and would participate in "any proposal affecting any of the Indian tribes." He also reminded Swimmer of his own pledge at the June ceremonies of the unveiling of the Red Cloud Peace Pipe "to uphold the 1868 Treaty obligations in education and health."

Iron Cloud also said, "We demand an immediate repudiation of this effort and reassurances of adherence to stated policies." The Tribe, whose Pine Ridge Reservation borders South Dakota and Nebraska, also stated that "previous treaty violations by the United States have resulted in statistics that reflect an 85% unemployment rate," the lowest per capita income nationwide and BIA education funding "inadequate to provide a quality education" for Oglala students.

Swimmer's mid-December schools-transfer plan targeted three states - Arizona, New Mexico and South Dakota - and proposed $100 million in FY1988 for the states to take over Indian education responsibilities, unless tribes wanted to contract for the BIA schools. "Since the BIA also is trying to impose the 15% flat administrative fee on tribal contracts, which would prove prohibitive for most, the assumption must be that the schools would be turned over to the states," said Harjo. "This is a dramatic shift in policy and portends a return to the discredited federal termination policy of the 1950s to end federal obligations and turn over Indian matters to the states. That policy was rightly repudiated by Congress and every President since that time, including this President. As with states in the 1950s and 1960s, states in the 1980s would soon realize that federally-appropriated funds are insufficient to meet Indian education responsibilities, and there would follow a renewed attempt by states to tax and control Indian lands and resources. If the Administration gets away with this, there is little doubt that it would stop at education."

In yesterday's Hill briefing, Swimmer maintained that the education initiative would increase local control of education. Through BIA education reform laws of the 1970s, Indian parents and educators now are beginning to control BIA schools.and the education system improvements have been widely recognized and documented. Those laws require consultation prior to BIA policy changes. When asked what legal authority would be used to transfer schools to states, Swimmer responded that his attorneys are "looking at it," but that he would likely "go the procurement contract route," which could allow BIA to circumvent the education reform mandates.

Swimmer also claimed that the cultural values of Indian students would be protected by the BIA through monitoring state performance. At the same time, he maintained that the BIA does such a poor job in the education area that the states could not do worse. In August of last year, the Affiliated Tribes of Northwest Indians called for Swimmer's resignation on the basis of his insensitivity to Indian cultural and traditional matters. In September of last year, a majority of Indian and Native governmental members of NCAI, the oldest and largest national Indian organization, called for Swimmer's removal for numerous reasons, among them his efforts to turn Indian programs and responsibilities over to the states and his failure to consult with Indian governments.

The current schools-transfer plan is to use 1987 as the planning year and 1988 as the implementation year. Swimmer has hired Linda Richardson, who handled Indian appropriations for the Republican-controlled Senate and who negotiated the recent transfer of Alaska Native schools to state control, to oversee the BIA budget in his office. Richardson will work with Nancy Garrett, who was just named to direct BIA administration, to fine-tune and carry out the plan. Garrett's removal from her previous BIA education deputy post was called for by many tribes and Swimmer's promise to Sen. John Melcher (D-Mont.) to do so was key to Dr. Henrietta Whiteman's late 1985 acceptance of the BIA education director job. Garrett's promotion to Swimmer's office was announced in December after Whiteman resigned, reportedly because she could not support Swimmer's education budget and policy changes.

During the January 7 briefing, Swimmer told Hill staffers that he would oversee the education initiative and that tribes would oppose it only if they wanted to "keep abusing children" by continuing to create "mental cripples" in BIA schools. Harjo called the characterization "grotesque" and said that "this plan, like the 15% flat fee scheme, is a plan in the nature of a notion. This may be the most ill-conceived and least considered proposal of all, although one runs out of superlatives in reviewing these bizarre budget designs."

Indian leaders also have reacted sharply to Swimmer's plan to eliminate self-determination planning grants and transfer some of its funds to a program with two initiatives, one called "small tribes general revenue sharing" and the other called "troubled tribes." The "small tribes" initiative would provide $5.9 million to nearly 400 tribes with 1,500 or fewer citizens to partially compensate for the loss of funds under the 15% administrative fee plan. The "troubled tribes" initiative would provide $900,000 to help three to seven tribes to overcome audit difficulties and bankruptcy conditions, most of which are brought about by poor management by the BIA itself. The "small tribes" plan is generally recognized as a political move to gain some support for the 15% flat fee plan and as a amount of money they would otherwise have gotten under the self-determination grants, which are proposed for $7.7 million defunding, and the small tribes program, which is proposed for a $2.8 million reclassification. The "troubled tribes" plan is generally viewed as less than substantive, given the small amount of funding proposed, with potential for divisive competition and BIA favoritism.

On December 28, Mississippi Band of Choctaw Indians Chief Phillip Martin wrote to Swimmer concerning the "dismantling of the Self-Determination grants program," which would be "lethal to continued progress in our governmental institutions." Martin said that the mid-1970s' self-determination and education assistance law provided in the section 104(a) grants "a new mechanism for the strengthening of tribal governments" and "although great progress has been made over the last decade, (tribes) are still in need of strengthening." He said that his Tribe has used the 104 grants to bolster the Choctaw Legislative Branch, "paying the costs of the Tribal Council's standing committees having responsibility for oversight and monitoring of tribal administration of federal grants and contracts." He said the Choctaws "do not have a tax base to support this critical need," that the cognizant federal agency will not allow "any legislative expenses in the administrative costs pool" and that the 104 grants are the "only source of support."

The Choctaw Chief also pointed to "a series of initiatives" from Swimmer's tenure as Co-Chairman of the Presidential Commission on Indian Reservation Economies to his subsequent selection as BIA head "which, in sum total, appear as a coordinated effort to undermine tribal governments. While paying lip service to the government-to-government relationship, the Bureau has sought to deprive tribal governments of their indirect costs, to absorb Gramm-Rudman social services cuts in the single program in that category designed for tribal government administration, and to deny economic development assistance to tribal governments closely involved in economic enterprises on their own reservations. Now an effort to close down the program designed to strengthen those tribal governments is underway." Martin said that the BIA is "terribly close, if not already over the line, to undermining both tribal governments and Congressional intent."

Indian leaders in the Northwest and Southwest have called the BIA plan to cut in half the forestry budget among the worst proposals in the BIA FY1988 budget. The Administration contends that this would be partially offset by the collection of current timber sales administrative fees, a proposal which Indian leaders say should be carefully scrutinized to determine whether it is merely a reduction from sales fees already going to Indian governments.

Blackfeet and Salish-Kootenai leaders in Montana have called for immediate Congressional oversight regarding the Swimmer initiative called "improving trusteeship." Part of this plan began in 1986 when Swimmer, without consulting with Indian governments, entered into a contract with the Mellon Bank to manage $1.7 billion in Indian trust monies. The Tribes maintain that this Indian property right should not have been contracted by the BIA because the self-determination law prohibits contracting a trust duty. BIA briefing documents refer to this kind of activity as an effort to "raise the quality and standard of trust responsibility" which will "increase internal modernization of trust programs and systems and acquire private sector services that enhance the (BIA) trustee capabilities." Tribal leaders ask if the next step will be to contract with a large timber congolmerate to oversee Indian forestry management.

Concerns also are being expressed about the plan to cut 50% of the faculty of the Institute for American Indian Arts in Santa Fe and to cut operating funds for BIA post-secondary on the assumption that Indian students will pay 10% of the tuition costs. Swimmer maintains that the students will be able to get the 10% cost through other federal education programs in the Department of Education. However, these programs are being reduced or eliminated, as well.

The BIA's "self-assistance" or "workfare" initiative is also raising concerns. Swimmer says the program "will require able-bodied receipients of BIA general assistance payments to work or train in order to receive their grants." Harjo called the plan "simplistic and troublesome," in that it "does not address the realities of the lack of jobs in Indian country, transportation problems, costs of child care and most other practical factors, as well as the BIA's own role in contributing to the astronomical jobless rate."

Harjo also urged that reviewers of the BIA's vague and self-congratulatory briefing materials to keep in mind that the overall FY1988 budget cuts services and monies to Indian peoples and pads its own administration and management fund. In education programs, for example, the budget is heavily weighted toward personnel costs. Included in the BIA budget is $13.5 million for increased pay costs and $18.6 million for costs of the new Federal Employees Retirement System.

United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
WASHINGTON, D.C. 20245

IN REPLY REFER TO:

FEB 11 1987

Memorandum

To: Chief, Division of Forestry

From: Deputy to the Assistant Secretary - Indian Affairs
(Trust and Economic Development) Anthony Ryan

Subject: Preparation of Request for Solicitor's Opinion

Please review the Division of Forestry, Area, and Agency office functional statements regarding the Bureau of Indian Affairs Forestry program and identify all Bureau of Indian Affairs forestry functions. Review the list of forestry functions against all statutes and regulations governing forestry to determine if there are any gaps in the functions listed. If there are gaps, in the sense of statutory requirements which are not covered by functional statements, then add these functions and provide a notation that the function(s) have not otherwise been covered in these statements. After you have completed this analysis, you are to prepare a memorandum for the Assistant Secretary of Indian Affairs to the Solicitor requesting his opinion regarding the contractability of these functions under the Indian Self-Determination and Educational Assistance Act. Since that law covers both programs and "functions," the opinion requested should provide important clarification of the extent to which the Bureau Forestry Program may be contracted.

The Assistant Secretary for Indian Affairs has directed that your Division prepare a Request for Proposal (RFP) which contains a scope of work involving the contracting of Bureau forestry functions. After the Solicitor provides this Office with an opinion on what functions may be contracted, your Division is to prepare an analysis of what functions or combination of functions should be contracted, the tribes to be served by such a contract(s), and a time-line for implementing a forestry privatization initiative. In addition to this analysis, your Division should also recommend a strategy for implementing the Forestry Privatization Initiative which meets two important goals: Acquisition of Private Sector Forestry Management and Preservation of Bureau of Indian Affairs Trust Responsibility.

Please submit the Request for Solicitor's Opinion for my review by February 27, 1987.

PREPARED STATEMENT OF

MICHAEL CLEMENTS

Mister Chairman and members of the Select Committee on Indian Affairs, good morning. I am Michael Clements, President of the Intertribal Timber Council (I.T.C.), and I am here today to express the I.T.C.'s strong opposition to the budget cuts, fee charges, and "privatization" proposed by the Administration for the FY 1988 Bureau of Indian Affairs Forestry program. The I.T.C., whose 49 member Tribes and Alaska Native organizations hold better than 90% of the 5.9 million acres of Tribal commercial forestland, believe the Bureau's intentions for its Forestry program will have disastrous consequences for the health of Tribal forests, the economies of timbered Indian reservations, and the Federal - Tribal trust relationship.

With respect to the trust, both the Assistant Secretary for Indian Affairs and his Deputy for Trust have stated that they believe the federal trust responsibility for our forests only extends to protection from fire and infestation, and does not include management or forest development. In their belief, the Tribes should bear the full costs of those activities, despite the fact that Tribal forests are already less intensively managed than Forest Service or B.L.M. forestlands.

This attitude, which we believe is contrary to the well established federal trust responsibility and the President's 1983 Indian Policy Statement, is reflected in the proposed FY 1988 B.I.A. Forestry budget in the following items.

1.) The $7.5 million cut in timber sales administration funds at the reservation level. This will devastate the Bureau's ability to carry out its trust responsibility of managing Indian forests on a sustained yield basis. The resulting reduction in Forestry personnel, if not offset out of Tribal timber income, would prevent the Tribes from making the annual allowable cut or putting up enough sales to meet the market. Tribal timber revenues would suffer.

Reservations with smaller forests could lose all Forestry personnel, preventing the B.I.A. from offering any sales. And because it is very difficult to separate timber sales administration from the wide range of other forest management activities provided by B.I.A. Foresters, their departure would cause an overall reduction in the trust management of our forests.

2.) The collection of $5 million in fees from Tribal timber receipts to pay for B.I.A. timber sales administrative activities. At the direction of the Interior Department, Tribes already are contributing about 10% of their timber receipts to B.I.A.-approved forest management activities to assist the B.I.A.'s trust management of our forests. B.I.A. now wants to directly collect those funds to offset its costs for sales administration. Not only will that set a dangerous precedent of requiring Tribes to directly pay for the federal provision of trust responsibly services, but it will also divert those funds from their present necessary forest development use, diminishing the total funds available to manage our forests. Presumably, if the Tribal forest asset is to be kept healthy, our trustee, the B.I.A., is relying on the Tribes, and not themselves, to come up with the necessary additional resources. When you include the cost of road construction, environmental requirements, and other multiple-use costs, the Tribes are already spending at least 40% of their timber receipts on their forests. The Tribes simply cannot afford to carry an increased burden. The operation of our Tribal governments, the provision of services to our people, and the strength of our local economies are dependant on our timber income. In abdicating its trust responsibility, the B.I.A. is basically telling us to either maintain our forests at the expense of our people, or provide for our people while our forests deteriorate. The Tribes are damaged on all counts.

When the issue of collecting fees to pay for B.I.A.'s Forestry program last arose in 1982 and 1983 as the result of an erroneous Solicitor's opinion, it was repudiated by the Secretary of the Interior, a Tribal - NCAI task force, the Comptroller General, and the Congress. In its FY 1984 report, the House Appropriations Subcommittee for the Interior directed the Secretary to continue the present practice of deducting up to 10% of Tribal timber receipts for B.I.A.-approved management activities in Tribal forests. Today, the B.I.A. is again seeking fee collections, and statutory language to enable the B.I.A.'s direct collection of these fees is contained in the proposed appropriations legislation.

3.) The $3.15 million cut in the special Forest Development program. By reducing to $5 million this Congressional initiative to restore a huge backlog of mismanaged Indian forestland to full productivity, completion is delayed from the year 1995 until 2000, causing an irretrievable one time loss of millions of dollars in Tribal timber receipts and employment income.

4.) The $700,000 cut to Area Office Forestry funding. Area Office Forestry staffs, which provide numerous technical services to all timber Tribes and many day-to-day forest management activities for Tribes with smaller forests, will be cut 50%. This will seriously harm the Bureau's ability to conduct necessary technical and oversight tasks for all timber Tribes, and further reduce the ability of the B.I.A. to provide any trust management for the smaller forests that will already have lost some or all of its B.I.A. Forestry staff due to the reduction in timber sales administration.

5.) The proposition to contract the entire B.I.A. Forestry program to some private sector entity. As startling as this "Forestry Privatization Initiative" sounds, the Assistant Secretary for Indian Affairs has already directed that the Forestry Division commence on this undertaking, despite its inherent conflicts of interest and disregard for trust responsibility. B.I.A. apparently believes it can divest itself of its Forestry responsibilities without Congressional review or approval.

It is very evident that senior B.I.A. officials plan to dismantle Forestry. The budget is to be cut one third, from $33 million to $22 million. The Bureau is seeking to disavow its trust responsibility for managing the Tribes' forest asset. The personnel levels are to be reduced drastically, with Tribes being charged to make up the difference, jeopardizing the forest's health and demolishing the economies of Tribes and their surrounding communities. The B.I.A. is slowing down on the regeneration of forest acreage subject to past mismanagement - at a loss of millions to the Tribes - and fully intends to contract out the whole program to a private sector entity that in all probability would be in competition with Tribal timber.

The Intertribal Timber Council opposes this proposed wholesale destruction of the B.I.A.'s trust responsibility for Tribal forests. Over recent years, the I.T.C. has asked only that the Forestry program be maintained, and every year the Bureau has proposed increasingly severe reductions in Forestry. Now for FY 1988, once again the I.T.C. only seeks to maintain the Forestry program at its FY 1986 - 1987 level and form, and the task appears to be gigantic. On the behalf of the I.T.C. membership, I ask that you reject the Administration's proposed Bureau of Indian Affairs Forestry budget, along with its intent to contract it out, and instead simply preserve the status quo, In recent years, Forestry has been one of the Bureau's better programs. I further ask that you express your opposition to the Administration's FY 1988 B.I.A. Forestry proposals to the Chairman of the Appropriations Subcommittee for the Department of the Interior and Related Agencies, where these matters will come under consideration in the near future.

With the budget only recently released, the Intertribal Timber Council is still in the process of compiling an analysis of the proposed FY 1988 B.I.A. Forestry budget. As additional materials become available, I shall forward them to the Select Committee.

Thank you.

PREPARED STATEMENT OF ROSS O. SWIMMER

Mr. Chairman and Members of the Committee, I welcome the opportunity to appear before you to provide an overview of the fiscal year 1988 budget and to discuss various initiatives proposed to be undertaken by the Bureau of Indian Affairs.

The fiscal year 1988 budget request for the Bureau of Indian Affairs totals $984,988,000 in new budget authority, a decrease of $33,847,000 below fiscal year 1987 appropriations to date. The decrease is primarily attributable to reduced new construction which is not a high Bureau priority. Other major adjustments include a reduction of $6,600,000 for the one-time cost of the White Earth Trust Fund and an increase of $13,[illegible]28,000 to carry out the provisions of the White Earth Settlement Act, the Old Age Assistance Act, and the Gila Bend Indian Reservation Lands Replacement Act.

Beginning this year, the Bureau will make a concerted effort to provide for local control and operation of the elementary and secondary education programs which are currently being run directly by the Bureau of Indian Affairs. The Bureau will first concentrate on efforts to increase the number of tribal contracts for school operations. This, of course, is entirely consistent with the Indian Education and Self-Determination Act. This process will encourage reservation-wide contracts in place of the current system in which individual school boards are contracting for the operation of single schools. This will allow for the establishment of tribally controlled public school districts which should provide noticeable benefits to the schools, namely: standard policies for attendance and planning, since the children could be tracked in one system from elementary grades through high school; the possibility for more shared services and shared personnel to increase the overall curriculum offerings; and a greater base over which to spread administrative costs than is possible for contracts which cover only one school.

It is important to note that the vast majority of Indian parents have already opted to educate their children in public schools. Approximately 90 percent of all Indian children now attend public schools, and almost half of the Bureau-funded day schools are presently operated under tribal contracts. In the past, the Bureau has waited for the tribes to approach it requesting a school contract. The Bureau will now take the initiative, requesting that the tribes seriously consider contracting for additional schools. While multi-school contracts are preferable, the Bureau will take no action to disrupt any ongoing contractual arrangement with local school boards. If tribes or school boards do not wish to contract for the school operations, the Bureau will work with the states and local public school districts to provide quality education for students currently enrolled in Bureau operated schools.

In the area of higher education, the Bureau has requested $500,000 to provide initial funding for the Endowment program authorized by the Congress for Tribally-Controlled Community Colleges. The Federal funds will be matched on a dollar-for-dollar basis with local or private contributions invested in Federally insured banking or savings institutions, and the investment income will be available to a portion of the colleges' operating expenses. We believe that this program will contribute to college self-sufficiency, increase tribal pride of accomplishment, and lead the way to eventual fiscal freedom from dependency on the Federal appropriations process.

Because practically all publically financed post-secondary institutions require the payment of at least a minimal fee, it is proposed that the three colleges operated by the Bureau (Haskell Indian Junior College, Southwestern Indian Polytechnic Institute, and the Institute for American Indian Arts) also collect a small tuition fee of approximately $850 per student. This will cover approximately 10 percent of the institutions' operating expenses, which is comparable to the percentage of Tribally-Controlled Community Colleges Costs covered by tuition revenues. Students attending these institutions will, of course, have access to both Bureau scholarship funds and to other Federal grant and loan programs to assist in meeting this cost. Once the board of regents and new president have been appointed for IAIA, in accordance with provisions of Public Law 99-498, which establishes IAIA as a separate independent entity, any tuition charges or fees will be based on the policies developed by that board.

The Bureau also intends to submit to the Congress proposed legislation, patterned on the Indian Health Service scholarship program, which will require a "payback" of funds received pursuant to the special higher education scholarships by requiring a service period either in Bureau or tribal employment. No payback is proposed to take effect prior to FY 1989.

Another major initiative proposed by the Bureau is the Economic Self-Assistance Program which will require recipients of General Assistance payments to enroll in a training, an education, or a jobs program to maintain eligibility for General Assistance benefits. The Bureau program provides benefits to those individuals and households who are not eligible for Aid to Families with Dependent Children or for other state supported welfare programs. A number of the recipients are single adults, childless couples, and families with both parents in the home. Following consultation with Indian tribes and interested Congressional Committees, regulations will be proposed which will allow the combination of funds budgeted for Adult Education, Adult Vocational Education, Direct Employment, Housing, and General Assistance to support a coordinated program to provide training and/or job opportunities in a concerted effort to move individuals from the General Assistance rolls to private sector jobs.

A corollary effort will involve the Business Opportunity Centers, funded during fiscal year 1987, as well as other privately or tribally financed enterprises to provide new employment opportunities in Indian country. While the fiscal year 1988 budget includes only the Bureau's Housing Improvement program as one possible source of jobs for General Assistance recipients, it is hoped that as the program develops, tribes will view a wide range of Federally and tribally supported positions, such as natural resource development, mining and minerals, and social service positions, as employment possibilities for General Assistance recipients.

For most Americans, productive employment represents a reliable measure of self-esteem. Many areas of Indian country have had no opportunity to participate in the mainstream of this nation's economy due to a number of perceived problems ranging from the trust status of Indian lands to lack of a trained work force and a scarcity of developable natural resources.

The Bureau realizes that there is no one answer which will solve the economic problems in Indian country; rather, each reservation must be viewed individually to determine a course of action which can make best use of the natural and human resources available, identify the shortcomings, and provide a means to address specific needs which will lead to economic prosperity on the reservations.

The absence of a stable employment and economic base on Indian reservations has contributed significantly to the much higher than average consumption of alcoholic beverages on Indian reservations. Congress addressed this issue last session in passing the Anti-Drug Abuse Act of 1986. There can be no question that alcohol abuse is a major problem on many reservations, but our view is that treatment of the alcoholism does not sufficiently address the underlying problem--which is a dearth of self-esteem often resulting from insufficient meaningful employment opportunities available in Indian country. While we acknowledge the need to provide medical treatment for alcohol abusers, there must be a viable alternative to drinking for that individual at the end of the treatment program. Through the Economic Self-Assistance program, we hope to be able to direct individuals into rewarding educational or training programs which will not only provide a means of financial support, but as importantly, provide a means of emotional support which has been missing in many areas of Indian country.

The Bureau has been working closely with the Indian Health Service through a joint task force to determine the best uses of the Anti-Drug Abuse Supplemental monies that were provided in fiscal year 1987. During the current year, the Bureau will develop curriculum materials for schools and devise training components for the tribal courts program to address the specific concerns relating to the handling of juvenile offenders with drug and alcohol abuse problems. Funds are requested in fiscal year 1988 to provide the full year costs of school counselors for substance abuse, while the training components of the programs which were funded in fiscal year 1987 will be continued within available resources. As part of the Bureau's ongoing facilities repair and improvement program, separate facilities will be provided in Bureau jails for juvenile offenders.

While the needs of the individual are being addressed, the Bureau continues to recognize its responsibilities to assess and assist in tribal government and natural resource development. Four major program initiatives are proposed to address these areas of vital concern.

Recognizing that there are divergent developmental levels in management sophistication among tribal governments, and that small tribes, especially, have unique needs related to solidification and stabilization of their governments, as well as management of their federally supported program functions, the Bureau is proposing to spend $6,800,000 to assist small and/or "troubled tribes". This includes a $3,979,000 program increase to provide both formula-based funding and specialized technical assistance to small tribes' governments whose abilities to function effectively as sovereign governmental entities are threatened by financial difficulties, or whose identified financial problems could escalate into paralyzation of important tribal governmental activities.

Linked closely with this first initiative is an intensive effort of the Bureau to address the area of fund allocation among tribes. Because all tribes are not at the same stage of development in their governmental and economic activities, the Bureau recognizes that it must determine a way of rationally distributing funding, technical assistance, and other Federal resources to most fairly and effectively fulfill its responsibilities to the tribes. As a result, our request includes $700,000 to perform special studies to identify objective and impartial methods of funding which will most effectively deliver programs to all tribes. Tribal consultation will be essential in this effort in order to discover the funding bases and funding mechanisms which can best serve each tribe and to develop an overall plan to address all Bureau program funding in a consistent and fair manner. Individual tribal priorities can then be emphasized for future program requests based on documented tribal needs and accomplishments.

The third related Bureau initiative which strongly affects tribal self-sufficiency efforts is based upon development and management of natural resources. Information regarding current ownership of Indian lands is vital, not only to the individual owners, but also to tribes seeking ways to develop incomes from trust lands. For several years, efforts in this important program area have been hampered through the enormous burden of examining land records and verifying and updating their accuracy. The Land Records Information System (LRIS) contains records of land ownership for which the Bureau has trustee responsibility. The information in the system is being updated daily by five title plants, but an enormous backlog remains. Hard record copies borrowed from the National Archives and Records Service over thirty years ago are still in the possession of these plants and are disintegrating through constant manual use. Since these important documents were already over thirty years old at the time of their retirement to the archival depository, it becomes increasingly crucial to the Bureau and to the tribes to return them to a protected atmosphere before their historical value is destroyed.

The requested increase of $2,000,000 for land records improvement and $531,000 in the land records program will fund coordinated efforts for: microfilming and return of hard copy land title records to a protected environment; improving tracking of land management records to afford current ownership, royalties, income and funds management data; finalizing organizational study efforts related to effectiveness of consolidation of title plants; and developing an effective integrated data base management system interfacing with the trust system.

The final initiative in the Bureau's coordinated efforts to provide effective resource management is in the area of trust fund management. In FY 1988 the Bureau will receive the majority of its investment services through a private contract with a major financial institution. The contract firm will, within Bureau-established guidelines, improve the management of trust funds to maximize investment returns and ensure reliable and investment accounting. Contracting is expected to improve financial investment advisory activities for individual Indians by providing professional services. In addition, the Bureau has established a special unit in the trust fund accounting organization to streamline collection and disbursement service delivery. Contracts to expedite cash collection, deposit and distribution will be developed and managed from this unit which is charged with the rapid conversion of the present system to the improved contract mode, with emphasis on contract management and systems support.

An increase of $1,790,000 is also projected for improving field operations through additional trained staff to account for and disburse individual Indian monies derived from sales and leases of lands, per capita payments and judgment awards, and revenue investments.

In addition to these four programmatic initiatives, in order to increase flexibility at the local level, the Bureau is seeking to streamline the complex budgeting and contract support processes. For fiscal year 1987, the Bureau had sought to combine all Tribe/Agency funds into one account to allow for increased program flexibility at the local level. While Congress did not approve this change in the budget structure for the current fiscal year, the Committees on Appropriations have agreed to allow the Bureau to propose a revised structure for the coming fiscal year, placing the Tribe/Agency funds as a separate line item within each of the major functional categories: Indian Services, Trust Responsibilities, Natural Resources, Economic Development and General Administration. The Bureau believes that this will preserve the integrity of the appropriations process while providing additional local flexibility to use funds within defined categories for essential services.

The Bureau is also proposing that it be given greater flexibility to respond to tribal reprogramming requests through revisions to the reprogramming guidelines, increasing discretionary authority either in the form of a higher Bureau-wide limit for tribally requested administrative reprogrammings within the Tribe/Agency subactivity or by withdrawing the current $250,000 reprogramming limitation.

To simplify the determination of contract support costs in the P.L. 93-638 process, the Bureau proposes establishing a flat administrative allowance to cover indirect costs associated with tribal contracting. This fee will provide a more equitable distribution of funding for tribal overhead costs of operating programs. During FY 1987 the Bureau will transfer all contract support funds from program accounts and return them to contract support. This, combined with undistributed contract support funds and a budget increase of $1,774,000, will provide a total of $42,787,000. An across-the-board 15 per cent allowance will then be used to distribute contract support funds contingent upon implementation of new regulations.

It is our belief that with these programmatic and administration initiatives, the Bureau can provide an integrated self-help program for Indian tribes and individuals to allow assumption of local obligation for not only responsibility, but accountability, for addressing the development of human and natural resources in Indian country.

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MAR 22 1987

Honorable Daniel K. Inouye
United States Senate
Washington, D.C. 20510

Dear Senator Inouye:

Thank you for your letter of February 4, 1987, which was signed by you and seven other committee members, in which you expressed concerns about the proposed contract for depository, accounting and management services. This also responds to your letter of March 10, 1987.

On March 11, because of concerns about the technical aspects of the limited competition of the proposed contract with Mellon Bank, and because Indian tribes expressed an interest in more consultation, I decided that the Bureau of Indian Affairs would reopen competition for the procurement of collection, accounting, and investment advisory services for funds held in trust for tribes and individual Indians. A copy of the press release issued on this decision is enclosed.

A comprehensive consultation plan will be developed and published in the Federal Register. Copies of the Federal Register Notice and the new Request for Proposals which will be open for full competition will be provided to all tribal leaders. This will provide Indian tribes an opportunity for greater input and consultation.

I believe we can dramatically improve the Bureau's management of the trust funds and assure that the trust responsibilities are carried out in a responsible manner by obtaining these services. I will appreciate your support of this effort.

Sincerely,

/S/ Ross O. Swimmer

Assistant Secretary - Indian Affairs

Enclosure

DEPARTMENT of the INTERIOR
news release

BUREAU OF INDIAN AFFAIRS
For Release March 13, 1987

Carl Shaw (202) 343-4576

BIA TO REOPEN COMPETITION FOR TRUST FUND MANAGEMENT SERVICES

The Bureau of Indian Affairs (BIA) announced today that it would reopen competition by conducting a new full-scale procurement for financial trust services to strehgthen internal management and administration of more than $1.7 billion of Indian trust funds.

"This will give Indian tribes a chance for greater input on this important decision," said Ross Swimmer, Interior's Assistant Secretary for Indian Affairs. "Many tribes have indicated a strong interest, and have requested additional consultation. By consulting the tribes in conjunction with a full competition, we hope to increase understanding and secure the best possible contract."

Swimmer said that he is drafting a letter to the chairmen of all Indian tribes to discuss the anticipated procurement and how their concerns will be covered.

"BIA will prepare a new request for proposals (RFP) ensuring full and open competition among financial institutions at large through the regular procurement process," he said. "We will develop a new proposal to meet the needs of the BIA which will include the same components that were in our original proposal -- collection, accounting and investment services," he said. "In addition, we will develop a comprehensive consultation plan for publication in the Federal Register that informs and seeks input from tribes and individuals with monies invested in the trust fund."

BIA announced last October that BIA and the U.S. Treasury Department had selected Mellon Bank of Pittsburgh from among six competing banks already providing "lock box" services to Treasury to handle the Indian trust fund account. A three-party agreement had been anticipated among BIA, Treasury and Mellon. At the time, it was believed that the accounting and investment services would simply be enhancements to the already existing "lock box" arrangements between Treasury and the banks. Recently, however, Treasury officials became concerned about certain technical aspects of the competition, including the limitation of competition to Treasury's six primary depositories.

"Although we will not be able to proceed with the proposed contract, we very much appreciate the interest and cooperation of Mellon Bank officials," Swimmer said. "Mellon is a highly professional financial institution and we hope it will continue its interest in assisting the BIA in improving its trust fund management.

"Numerous reports from Congress and the Department of Interior have pointed out the deficiencies of our system and recommended that we obtain help in administering our trusteeship from the private sector, however, until then we have no choice but to continue the use of existing internal systems until a contract is signed," the Assistant Secretary pointed out. "I think it is important that tribes and individuals understand that it is not practical to develop an in-house computer system and acquire full-time money managers. The time and cost of doing so would be prohibitive."

PREPARED STATEMENT OF WILLIAM LYNN ENGLES

Thank you for the opportunity to present an overview of the work of the Administration for Native Americans and to comment on the proposed FY 1986 budget, as well as S. 142, the bill to extend the Native American Programs Act and make certain changes to the Act.

The Native American Programs Act promotes self-sufficiency for American Indians, Alaskan Natives and Native Hawaiians by encouraging local strategies in social and economic development.

We consider social and economic underdevelopment to be the paramount obstacle to the self-sufficiency of Native American communities and families. Social and economic underdevelopment contributes to high unemployment, high school drop out rates, poor health and other problems which affect Native Americans to a greater degree than almost any other population group. The lack of a strong diversified economic base has made Native American communities especially dependent on Federally-designed, Federally-funded and Federally-operated programs.

The Administration for Native Americans' programs and policies foster a balanced developmental approach at the community level through three major goals.

1) To help develop or strengthen tribal governments, Native American institutions and local leadership to assure local control over all resources;

2) To foster stable, diversified local economies to provide jobs and reduce dependency on social services; and

3) To support access to and coordination of programs and services which safeguard the health and well-being of a community and its people.

These goals are based on the premise that the local community has the primary responsibility for determining its own needs, planning and implementing its own programs, and building a strong economic base through effective use of its own natural and human resources.

The Administration for Native Americans' funding policy is to assist Indian Tribes and Native American organizations to plan and implement their own long-term strategies for social and economic development. This funding approach moves the focus from increasing dependency on social services to increasing the productivity of both individuals and communities.

Panels of outside individuals review and rate all applications for financial assistance funds according to published criteria and seek to identify those proposals most likely to produce permanent, beneficial change for Native American communities. Applicants must state specific, measurable goals based on the developmental needs of the community. After funding, grantees must report what they have accomplished based on the goals they set.

Tribes and organizations are finding that Social and Economic Development Strategies (SEDS) provide the means through which lasting change may take place. In the past four years the policy has benefited all of the groups ANA was established to serve.

It has met with success in Indian tribes, Alaskan villages, Hawaiian communities and urban organizations. Given determination and motivation on the part of the community, SEDS strategies have worked regardless of the local resources which are available, the level of political development of the community, or the social and economic needs of local people.

There are many success stories involving our grantees. Several of them follow:

An ANA grant to the Eastern Band of Cherokees increased business development and employment opportunities on their Reservation in North Carolina. The Tribe has engaged a subsidiary of the Rouse Company to plan an economic development program on Tribal and individually owned land at Cherokee. To date, the Tribe has completed the pre-construction activities, engineering scale models and financing, and strategies for a $70 million tourism and housing complex. Drawing on private sector financing, the complex will consist of: 400 condominiums; 150 townhouses; 34 single family homes; a hotel and conference facility; a 36 hole golf course; a dinner theatre; 15 retail stores; and an area for industrial development. This project will create over 300 permanent jobs, and substantially increase tourist expenditures in the area.

o An ANA grant to the Tanana Chiefs Conference of Alaska was used to form the Alaska Resource Commodities Trading and Investment Cooperative. It is marketing 50 tons of plant products to food, chemical and pharmaceutical industries. One extremely lucrative area is the marketing of cones from evergreen trees, to be used in decorative wreaths. Currently negotiations are underway to sell 100,000 pounds of cones to three American companies, as well as additional orders to companies in Europe and Canada.

The project will involve 12 of the villages represented by TCC and the employment of 60 seasonal foragers/cultivators. TCC will seek $250,000 from state and national cooperative banks to establish a revolving fund to finance the local processing and packaging of the product. Offering opportunities to merge traditional skills and local resources into alternative village enterprises, the project has the potential to generate foreign export markets.

The Las Vegas Paiute Tribe of Nevada is using ANA funds to expand its economic base by developing eight Indian controlled businesses over a three year period. Several businesses will be engaged in manufacturing graphite composition parts for the aerospace industry, and canvas coverings for the Department of Defense, creating approximately 200 jobs. The Tribe is near contract completion to manufacture airplane parts for the Boeing Commercial Aircraft Division. The amount of the contract is approximately $250,000 to $300,000 and up to 15 jobs will be created. Additionally, a major textile manufacturer is negotiating with the Tribe for a partnership business, which will create approximately 200 jobs.

ANA has funded the Council for Tribal Employment Rights (CTER), an Indian nonprofit corporation comprised of over 86 Tribal Employment Right Offices (TEROs). CTER ensures the maximum opportunity for Indian people in employment, training, and business, both on and off reservations. Using ANA funds, it is now working with Indian businesses to expand their vendor capacity. It recently published the 1986 National Indian Enterprise Directory, "Partners in America's Progress." This is a first directory of Indian firms and uses the OMB Standard Industrial Classifications covering the entire field of national economic activity. The Directory profiles all information any buyer looks for in vendors, including qualifications, capabilities, size, and service areas, and should substantially enhance the ability of Indian businesses to successfully compete.

Alu Like, Inc., of Honolulu, Hawaii received a two-year grant from ANA in fiscal year 1985. With previous ANA funding Alu Like was very successful in using ANA funds to promote Native American economic and social self-sufficiency thru the creation of jobs and businesses. The current grant builds upon and continues this progress. Its goals are: to arrange with Federal, State, and local agencies to promote Native Hawaiian social and economic development; to provide assistance to a project on each of five Islands to create Native Hawaiian businesses and expand employment opportunities for Native Hawaiians; and to improve social services to Native Hawaiians.

Overall program accomplishments in fiscal year 1986 were significant and include:

The creation of over 15,000 jobs for Indian people resulting from our projects.

The initiation of 243 Indian businesses.

The strengthening of the governmental functions of 42 Tribes and other organizations through the enactment of codes and management improvements.

The creation of about 1,000 jobs for Native Hawaiians.

The establishment of 44 Native Hawaiian businesses.

The creation of 272 jobs and the establishment of 24 new Alaska Native businesses.

I would also like to comment on S. 142. In addition to extending the Native American Programs Act of 1974 through FY 1991, the bill would add requirements concerning the grant application process and use of formal rulemaking. It would also authorize for the first time under the Act the provision of financial assistance to agencies serving Native American Pacific Islanders, including American Samoan Natives.

While the Department cannot support the bill as ordered reported, we are encouraged by the modifications the Committee has made in the bill as introduced, and would not object to the bill if it were further modified to meet our concerns.

Section 2 of the bill as ordered reported makes amendments concerning the grant application review process. This provision merely restates in the Act what is already required of the Secretary by virtue of the constitutional relationship between the Executive and Legislative Branches of the Federal Government. Although the provision as amended is unnecessary, we do not object to it.

Section 3 of the bill would subject programs under the Act to rulemaking requirements more burdensome than those applicable to any comparable grant program administered by this Department. The Department would strongly oppose S. 142 if section 3 remains unchanged. We believe section 3 should be removed from the bill, and the Administrative Procedures Act permitted to govern. However, we have discussed with the Committee, as technical assistance, alternative language. The Department believes that this alternative language would meet both the Administration's and the Congress' concerns about the process for developing major policies affecting programs under the Act. We consider the suggested language the minimum change required to make section 3 acceptable.

We must also express our strong opposition to section 4 of the bill, which would authorize grants under the Act to agencies serving "Native American Pacific Islanders, including American Samoans". The Act was designed to provide special assistance to members of those Native American groups, and particularly Indian tribes, which have a special relationship with the Federal Government. Extension of programs under this Act to other ethnic groups who do not enjoy this special, long-standing, constitutionally tested relationship would dilute the effectiveness of the program, is inconsistent with the purposes of the Act, and sets an undesirable precedent that is adverse to the interests of Native Americans. In addition, this provision is unnecessary, because agencies serving Native American Pacific Islanders are already eligible to apply for assistance under a variety of local, State, and Federal programs. We also object to the bill's provision of a new special earmarked authorization for grants to Pacific Islanders.

Section 4 represents a major new policy which could set a very undesirable precedent for other Federal programs beyond those for Native Americans. The Justice Department has advised us that extension of the programs under the Act to American Samoans and other Pacific Islanders raises constitutional issues.

In conclusion, we would not object to S. 142, if modified to meet our concerns. We look forward to continuing to work with the Committee to achieve a bill that is fully satisfactory both to the Congress and to the Administration.

Finally, I would like to comment on the Administration's proposed budget for FY 1986. The generic appropriation request for all discretionary programs administered by the Office of Human Development Services (HDS) is in no way a block grant proposal nor intended to change the operation of existing programs.

The purpose of this approach is to simplify the budget decision-making process. It will help focus resource allocation decisions on the overall direction of Federal policy rather than on specific programs. It also provides flexibility in order to take advantage of emerging opportunities to serve Native Americans and the other populations funded by HDS. This budget approach follows that of the Congressional budget committees which assign funding allocations to broad functional categories.

While funds may be shifted somewhat in the budget year as priorities change and needs arise, priority will continue to be placed on financial assistance grants for Native Americans.

I appreciate the opportunity to appear before the Committee. I will be happy to answer any questions you may have at this time.

PREPARED STATEMENT OF BRUCE M. CARNES, DEPUTY UNDER SECRETARY FOR PLANNING, BUDGET AND EVALUATION, DEPARTMENT OF EDUCATION, ACCOMPANIED BY LAWRENCE F. DAVENPORT, ASSISTANT SECRETARY FOR ELEMENTARY AND SECONDARY EDUCATION; AND THOMAS M. CORWIN, ACTING DIRECTOR, DIVISION OF ELEMENTARY, SECONDARY, AND VOCATIONAL ANALYSIS, OFFICE OF PLANNING, BUDGET AND EVALUATION

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to discuss the fiscal year 1988 budget requests for several Department of Education programs that serve Indians.

Indian Education

For fiscal year 1988, we are requesting $64,234,000 for programs authorized by the Indian Education Act. This is an increase of $198,000 above the fiscal year 1987 appropriation, for administrative costs, most of it for built-in costs such as within-grade pay increases, higher benefit contributions, and rent.

Part A: Grants to Local Educational Agencies and Indian-Controlled Schools

Part A is the largest component of the Indian Education programs, reaching the majority of the Nation's Indian students in elementary and secondary schools. The budget request for 1988 for Part A programs is $47,200,000, the same as the 1987 appropriation. This program supports educational services for Indian students in public schools, BIA contract schools, and Indian-controlled schools. Grants are made on a formula basis to local educational agencies (LEAs) and BIA contract schools. Grants are also made on a competitive basis to Indian-controlled schools (ICSs) that, with certain exceptions, must be located on or near reservations and be operated by Indian tribes or organizations. Most Indian-controlled schools are BIA contract schools.

Formula grant recipients must use Part A funds for activities that supplement the regular school program. Projects provide such services as: remedial reading and mathematics, counseling and guidance, language instruction and tutoring, and Indian cultural and heritage activities. Discretionary grant recipients may use funds to establish a school (although this activity has not been funded for three years) or to develop special enrichment programs that supplement an already established program.

Although the total requested funding for Part A is the same as the 1987 level, the 1988 proposal would shift $640,000 from the discretionary grant portion of the program to the formula grant portion. By increasing Part A funding for formula grants and reducing discretionary grants, the Department can achieve two objectives.

First, the increase for the formula program will accommodate increases in the eligible student population that are anticipated as a result of the Bureau of Indian Affairs (BIA) initiative to encourage the transfer of the administration of BIA-operated schools to tribal or public school systems. At the requested level of $44,340,000, the formula program could absorb a substantial number of additional children in 1988 and still maintain the average Federal per pupil expenditure at the 1987 level.

Second, the reallocation of funds between the two programs will continue the trend toward equalizing Federal per pupil funding for public schools and Indian-controlled schools. Recent studies have found that, on average, Indian-controlled schools receive much higher per-pupil revenues than public schools for their Indian children. While per-pupil Federal expenditures under Part A for fiscal years 1985-88 for Indian students in Indian controlled schools are as much as $749, comparable expenditures for Indian students in public schools have not exceeded $140.

In 1988, some 1,160 LEAs and BIA contract schools are expected to serve about 243,000 Indian children under the formula program, and 33 ICSs receiving discretionary awards are expected to serve 5,900 children.

Part B: Special Programs for Indian Students

The budget request for Part B is $11,568,000, the same as the 1987 appropriation. Of the six programs that comprise Part B, two are designed to increase educational opportunities, improve educational quality, and encourage planning and developmental efforts that can result in improved curriculum and other programs for Indian children. Three programs are designed to help Indian students enter professional careers, in education as well as other fields. The sixth program supports resource and evaluation centers that work to upgrade the quality of all Indian education programs.

Under the 1988 request, each of these programs would be continued at its 1987 level. Our request would allow funding of an estimated 71 discretionary projects that would serve almost 13,000 students, train over 600 educational personnel, support 208 fellowship recipients, and continue the five resource and evaluation centers.

Part C: Special Programs for Indian Adults

Under Part C of the Act, $3,000,000 is requested to support basic education programs for Indian adults. These programs seek to find and serve traditionally hard-to-reach Indians, both in remote areas on and off reservations and in isolated pockets of poverty within our cities. No major changes in Part C program strategy or funding distribution are proposed for 1988. The request would fund 29 educational service grants serving approximately 9,600 Indian adults.

Salaries and Expenses

For fiscal year 1988, $2,180,000 is requested to cover administrative costs of the Indian Education Programs office. This is an increase of $165,000 over 1987, most of it for built-in personnel costs, with smaller increases for travel, rental charges, and an improved project profile system to plan, monitor, and report on project awards.

For the National Advisory Council on Indian Education, $286,000 is requested for 1988, an increase of $33,000 over 1987. The bulk of this increase would be used for built-in personnel costs, with additional travel funds provided for meetings with tribal representatives.

Although the Indian Education Act is currently authorized through fiscal year 1989, the Chairman of the House Education and Labor Committee has announced that the Committee will begin work on a reauthorization proposal this year, as part of an omnibus elementary and secondary education measure. The Department is considering a legislative proposal that will respond to Congressional efforts underway. At this time, we do not envision making any major changes in the current program structure.

Impact Aid

Maintenance and Operations

A significant portion of the funds appropriated for Section 3 of the Impact Aid program each year are distributed to school districts that serve Indian children. Under the 1988 budget request for Section 3, a total of 530 districts are expected to receive funds for the education of approximately 95,000 children residing on Indian lands. The estimated total for these payments for 1988 is over $200 million.

For purposes of Impact Aid payments, all children residing on Indian lands are defined as "a" children. The Department has proposed to level fund payments for "a" children at $533 million. The budget request proposes a new graduated payment formula for "a" children, based on the proportion of the district's enrollment made up of "a" children, with payments ranging from 100 percent to approximately 40 percent of entitlement. This formula distributes funds more equitably than those used in recent years. It will maintain the high level of payments to many districts with Indian children and will increase payments for a number of other districts serving Indian children.

The 1988 budget request does not include payments for "b" children, because these children do not represent a significant burden to their school districts. Their parents and/or their parents' employers contribute to the local tax base which supports the public school system. School districts that include Indian lands would generally be unaffected by this change, since children who reside on Indian lands are not counted as "b" children.

Construction

For Impact Aid construction activities, $5 million is requested for 1988, to be used for grants to districts that serve large numbers of Indian children and contain large areas of Indian lands. This sum should fund one or two school construction projects. For 1987, a rescission is proposed for $17.5 million of the $22.5 million appropriated for construction activities. The $5 million remaining would be available for grants to districts serving Indian children. In addition, proposed supplemental language would make approximately $3.8 million in unused funds appropriated by the 1983 Jobs Bill available for construction projects in districts that contain Indian lands. The combination of these funds should provide grants for three or four school construction projects in 1987.

Vocational Education

Under the Carl D. Perkins Vocational Education Act, 1.5 percent of the combined appropriations for Titles I (other than Section 112), II, and IV (other than Part E) is set aside for Indian and Hawaiian natives programs. Of this amount, 0.25 percent is used to serve Hawaiian natives.

Grants under the Indian program are awarded on a competitive basis to federally recognized Indian tribes for services that are in addition to the services Indians are eligible to receive under other provisions of the Perkins Act. During the current fiscal year, the Department is using fiscal year 1986 funds to support 41 tribal projects training approximately 2,600 participants.

The Hawaiian natives program, which is currently in its second year of operation, makes awards to organizations recognized by the Governor of Hawaii that primarily serve and represent Hawaiian natives. The Governor has recognized only one such organization--Alu Like, Inc.--so only one grant has been awarded. However, a network of 21 community organizations will receive sub-awards to provide training, placement, and counseling at the local level to approximately 800 participants.

The Administration's budget proposal would rescind $389,000,000 for vocational education basic grants (from which Indian and Hawaiian native funds are set aside) in 1987. Under the proposed rescission, funding for the Indian vocational education program would be reduced from $10,414,000 to $5,533,000. For the Hawaiian natives program, funding would be reduced from $2,083,000 to $1,107,000. No funds for vocational education basic grants are requested for fiscal year 1988; therefore, no funds would be available for the Indian and Hawaiian natives set-aside.

Compensatory Education for the Disadvantaged

One percent of the funds appropriated for the Compensatory Education for the Disadvantaged program (Chapter 1) must be allocated to the Outlying Areas and the Bureau of Indian Affairs (BIA) of the Department of the Interior. In 1986, the BIA received $22.5 million from this set-aside to meet the special educational needs of educationally deprived Indian children in schools operated directly by the BIA or by Indian tribes under BIA contracts. An estimated $25 million will flow to BIA schools in both 1987 and 1988.

During the 1984-85 school year (the last year for which actual data are available), 18,157 Indian students in BIA schools participated in Chapter 1 programs. An additional 63,000 Indian students in public schools across the country also participated in such programs. Similar numbers of Indian children are expected to receive Chapter 1 services through 1988.

The Chapter 1 program is currently authorized through fiscal year 1987. The Department's reauthorization proposal, which will be submitted to the Congress very shortly, will provide for continued operation of the Indian set-aside program.

Bilingual Education

The Bilingual Education Act authorizes discretionary grants, primarily to local educational agencies, to establish, operate, and improve educational programs for limited English proficient students. For purposes of the Act, an Indian tribe or tribally sanctioned educational authority is considered to be a local educational agency and is eligible to receive funds directly from the Department. Since its inception, this program has funded a significant number of projects designed wholly, or in part, to benefit Indian students. These projects teach English and assist students in meeting grade promotion and graduation requirements. All projects initially funded before 1985, and most funded in 1985 and 1986, are required to use the native language to some extent. Grants and contracts for related support services--including research--and training are also authorized by the Bilingual Education Act.

In 1986, 89 grants were made to local educational agencies to enable them to provide services to 14,384 Indian students. Native American students generated over $9.6 million of the funding for these grants. Funding for Indian projects in 1987 is expected to be approximately $10.5 million and approximately 15,670 native American students are expected to be served by these projects. The fiscal year 1988 request for Bilingual Education would provide the same level of services as in 1987.

On January 14, Secretary Bennett submitted to the Congress a bill to increase local flexibility in the operation of bilingual programs by removing restrictions on funding for "special alternative instructional programs." This legislation would have no major impact on bilingual programs for Indians.

Libraries

The Library Services and Construction Act (LSCA) authorizes set-asides of 1.5 percent for Indian tribes and 0.5 percent for Hawaiian native organizations from Title I (Public Library Services), Title II (Public Library Construction), and Title III (Interlibrary Cooperation and Resource Sharing).

Under the Indian program, grants are made to federally-recognized tribes and Alaskan native villages for developing or improving public library services for Indian people. The law authorizes funds to be used for a variety of purposes, including purchase of materials, library construction, personnel costs, and training. Two types of grants are made. Basic grants are distributed in equal amounts to eligible tribes that have submitted approved applications. The amount of the basic grant is determined by dividing the available funds by the number of eligible tribes and Alaskan villages. Any remaining funds (that is, funds for which no qualified application is made) are then used for discretionary special project grants to support projects developed in conformance with tribal plans for library services.

In fiscal 1986, $606,177 was allocated in basic grants to 185 tribes and villages. The remaining $1,052,073 was awarded under 17 special project grants averaging about $62,000. In 1987, the amount available for Indian programs is $1,807,500. If the Administration's proposed rescission for Title II is adopted, this amount will decrease to $1,470,000.

The Hawaiian natives program is very similar to the vocational education program for Hawaiian natives; grants must be made to organizations recognized by the Governor of Hawaii that primarily serve and represent Hawaiian natives. Again, as under the vocational education program, the entire 1986 award was provided to Alu-Like, Inc. The current amount available in 1987 for the Hawaiian natives program is $602,500, and this would decline to $490,000 if the rescission proposal is accepted.

In addition to proposing a rescission of Title II library funds for 1987, the budget would terminate all Federal support for libraries in 1988. It is our position that the purposes of these programs have generally been fulfilled and that further support should be a State and local responsibility.

I would now be happy to respond to your questions.

Biographical Sketch

NAME : Bruce M. Carnes

POSITION : Deputy Under Secretary for Planning, Budget, and Evaluation

BIRTHPLACE AND DATE : Xenia, Ohio - May 19, 1944

EDUCATION : University of Colorado, 1966, B.A.
Indiana University, 1969, M.A.
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EXPERIENCE

8/85 - present : Deputy Under Secretary for Planning, Budget, and Evaluation, U.S. Department of Education

4/85 - 8/85 : Assistant to the Secretary of Education, U.S. Department of Education

2/85 - 4/85 : Acting Director of Administration, National Endowment for the Humanities

7/83 - 4/85 : Director, Office of Planning and Budget, National Endowment for the Humanities

7/79 - 7/83 : Assistant Director, Office of Planning, National Endowment for the Humanities

9/78 - 7/79 : Program Specialist, Graduate Fellowships, Office of Education

8/76 - 9/78 : Program Analyst, Planning Staff, Postsecondary Education and Higher and Continuing Education, Office of Education

9/71 - 8/76 : Assistant Professor, English, James Madison University

HONORS, AWARDS, & FELLOWSHIPS : Superior achievement award, National Endowment for the Humanities, 1985

: Outstanding performance rating; highest allowable merit award, 1984

: Outstanding performance rating and merit increase for overall performance, National Endowment for the Humanities, 1983

HONORS, AWARDS, &
FELLOWSHIPS (CONT'D.)

: Cash Award for outstanding management, National Endowment for the Humanities, 1982

: Nominated for outstanding performance in Graduate Training Programs at the U.S. Office of Education, 1979

: Received the highest performance ratings for teaching, publication and research at James Madison University, 1971 - 1976.

: Merit-based teaching assistantship, Indiana University, 1967 - 1971.

: Merit-based scholarship, University of Colorado, 1962 - 1966.

DEPARTMENT OF EDUCATION

Office of Elementary and Secondary Education

Biographical Sketch

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EDUCATION : Michigan State University, 1966, B.A.
Michigan State University, 1968, M.A.
Fairleigh Dickinson University, 1975, Ed.D.

EXPERIENCE

PRESENT : Assistant Secretary for Elementary and Secondary Education

1981-1982 : Associate Director for Domestic and Anti-Poverty Operations, ACTION

1979-1981 : Provost, San Diego Community College District

1974-1979 : President, San Diego Community College Educational Cultural Complex

1972-1974 : Vice President for Development, Tuskegee Institute

1972-1972 : Assistant Dean for Special Projects, the University of Michigan-Flint

1969-1972 : Director of Special Projects, the University of Michigan-Flint

1968-1969 : Assistant Director of Student Activities, Lansing Community College

DEPARTMENT OF EDUCATION

Office of Planning, Budget and Evaluation

Biographical Sketch

NAME : Thomas M. Corwin

POSITION : Acting Director, Division of Elementary, Secondary, and Vocational Analysis, Office of Planning, Budget and Evaluation

BIRTHPLACE AND DATE : Newark, New Jersey, May 16, 1952

EDUCATION : B.A., Political Science, New College (Sarasota, Florida), 1974
M.P.P., Kennedy School of Government, Harvard University, 1976

EXPERIENCE :

1986 - Present: Acting Director, Division of Elementary, Secondary, and Vocational Analysis, Office of Planning, Budget and Evaluation, U.S. Department of Education

1984 - 1986 : Senior Budget Analyst/Legislative Coordinator, Division of Elementary, Secondary, and Vocational Analysis, Office of Planning, Budget and Evaluation, U.S. Department of Education

1985 : Director, Task Force on Education, House Republican Research Committee (6-month appointment under the LEGIS Fellows program)

1980 - 1984 : Program Analyst, Office of Planning, Budget and Evaluation, U.S. Department of Education

1978 - 1980 : Staff Associate, American Council on Education

1977 - 1978 : Policy Analyst, American Council on Education

PUBLICATIONS : Author or co-author of nine published monographs and articles

AVERAGE EXPENDITURE ESTIMATES FOR INDIAN-CONTROLLED AND PUBLIC SCHOOLS

1983-1984

	Indian-Controlled Schools	Public Schools
Total expenses per pupil**	$6,890	$3,505
Instructional payroll per pupil**	$2,402	$1,501
Residual payroll per pupil**	$1,495	$704
Total payroll per pupil**	$3,897	$2,205
Nonpersonnel costs per pupil**	$2,307	$837
Average daily membership**	191	494

*There is less than .01 probability that the observed differences are due to random error.

**There is less than .001 probability that the observed differences are due to random error.

AN EVALUATION OF INDIAN-CONTROLLED SCHOOLS

Executive Summary

Introduction. Pursuant to a directive in the Conference Report (No. 98-399) on the 1984 appropriations for the Department of the Interior and Related Agencies, the Department of Education conducted an evaluation of Indian-controlled schools between September 30, 1984 and December 31, 1985. The study was designed primarily to address concerns expressed by the conference committee about high costs, lack of educational standards, and high student attrition rates.

High costs. On average, per-pupil expenditures of Indian-controlled schools (ICSs) are nearly twice those of nearby public schools--$6,900 versus $3,500. Among the 20 ICSs represented in our cost analysis, spending levels range from $4,000 to over $10,000 per pupil. Higher spending appears to be largely a reflection of greater revenues, more intensive applications of instructional resources, and smaller-scale operations. Specifically:

- ICSs receive an average of $4,700 per pupil from the Bureau of Indian Affairs, compared to public school revenues of $2,500 from State and local sources. The latter figure rises to $3,400 per pupil when Impact Aid funds are included.

- Federal categorical programs generate per-pupil revenues of $2,140 for ICSs, compared with $800 for nearby public schools.

- Although average teacher salaries are 20 percent lower at ICSs than at local comparison schools, instructional salary outlays are 60 percent higher because ICS staffing ratios are twice those of the public schools.

- Staffing ratios and spending levels are also affected by school size. The five top-spending ICSs average only 13 students per grade served, compared with 22 students for other ICSs and 48 at nearby public schools.

Education standards. The study approached the question of standards indirectly by looking at achievement levels among eighth and twelfth grade students--the two "exit" grades for most ICS schools. By administering nationally normed achievement tests to Indian students in these grades at ICSs and local comparison schools, it was possible to assess academic outcomes from three standpoints: national standards, comparability with local public schools, and variability among ICSs. The principal findings are:

- Measured against national standards, most ICS students are performing in the low to low-average range. Only about 10 percent score in the top two-fifths of the national distribution, while from 60 to 75 percent are in the bottom two-fifths.

> No significant differences were found between average scores of ICS students, Indians at nearby public schools, and a national sample of 1982 Indian seniors.
>
> Wide differences in twelfth grade performance were observed among ICSs: school averages range from the 57th down to the 5th percentiles of the national distribution for all U.S. high school seniors.

Student attrition and attendance. Information collected on this subject was confined to current-year records on enrollments, withdrawals, and attendance for eighth and twelfth grade students. On average, ICSs have problems in this area, and for some schools, those problems are severe. On the other hand, about one-fifth of the schools covered by the study have exemplary records.

> Attendance rates at ICSs are lower than national, State, and local public schools rates. On average, ICS students are missing from 12 to 20 percent of the school-year.
>
> Mid-year withdrawal rates at ICSs are 50 to 100 percent higher than for Indian students at nearby comparison schools. Net student turnover is even higher, due to substantial numbers of mid-year entries.
>
> Large average differences are observed among the 25 ICSs in our study: five have very good retention and attendance rates, while at the other extreme two have attrition rates of close to 50 percent and average attendance rates of under 70 percent.

Since the study was distinctly limited in its design and coverage, representatives of Indian-controlled schools were invited to contribute their own comments and observations to the record of the evaluation. Their responses--to be found in Appendix B of the report--serve both to extend and qualify the study's findings.

COMPARISON OF STAFF IN ABT STUDY

This analysis also found the following significant differences in key factors related to school expenditures.

1. Indian-controlled schools are much smaller (in terms of average daily membership) than public schools. Class size by grade level is also much smaller (less than half). In particular, the eight Indian-controlled schools in the highest-expenditure-per-pupil quartile fell well below the overall class membership estimated for all of the Indian-controlled schools. This finding appears to reflect, in part, the higher costs of operating very small schools, often in isolated locations.

2. Pupil-teacher ratios for the Indian-controlled schools are lower--i.e., there are fewer pupils per teacher--in the Indian-controlled than in the public schools.

3. Teachers' salaries in Indian-controlled schools are lower than salaries in the comparison group.

4. The Indian-controlled schools with the highest estimated expenditures derive revenues from the Title IV-A and IV-B programs that are 23 percent higher than the average per-pupil revenue from these sources for the entire sample of Indian-controlled schools.

PREPARED STATEMENT OF EMERY A. JOHNSON, MD, MPH

I am pleased to appear before this committee to present my views on the President's Fiscal Year 1988 Budget Request for the Indian Health Service. Since my retirement as Director of the Indian Health Service (IHS) in 1981, I have continued to be actively involved with Indian health as a consultant to national and regional Indian organizations, Indian tribal governments and other organizations with interests in Indian health. My views are based on my past and present experience with the Indian health program and with tribal leaders, health staff (both IHS and tribal) and other experts in the field of health services delivery.

This committee through its oversight function has a vital role in assuring fair and equitable treatment of American Indian and Alaska Native people by the United States and in monitoring the activities of the Federal agencies in carrying out their responsibilities under Federal treaties and statutes. In my view, the importance of this Committee is enhanced today because of our special concern that Federal Indian policy and law is in danger of repeal not through the normal legislative process but through budget decisions.

Remarkable progress has been made by the IHS and the tribal health programs in improving the health status of American Indians and Alaska Natives during the past three decades. I'm sure that Dr. Everett Rhoades, the Director of IHS, will provide some detail on these successes, as well as on those health problems that still remain an excessive burden to the people, in his statement to the committee. Dr. Rhoades, the tribal leaders and their respective health staffs are to be commended for the efforts they are making to provide efficient and effective health services to the Indian communities. Special note should be made of the emphasis placed on health promotion/disease prevention activites. In many ways, these activities provide a model for community oriented preventive services. For example, the successful program to control hepatitis B in Alaska will have dramatic long-term benefit in reducing morbidity and mortality from that disease.

Management improvements have continued to play an important part in assuring the most appropriate utilization of limited resources. Especially important, in my view, have been the successful efforts to revitalize the consultation process between IHS and the tribal governments, the implementation of the Resource Allocation Methodology (RAM) to assure more equitable allocation of resources among the health programs serving the many tribes, the continued successful efforts by both IHS and the tribes in obtaining Joint Commission on Accreditation of Hospitals approval of their health facilities and the improvements in data management, most notably the Resource Patient Management System. These and other management efforts are important to control costs in a time of severe budget restraint and I have been impressed with the vigorous and cooperative effforts that are apparent both in IHS and in tribal health program management.

While there has been significant progress made in the implementation of the Indian Self-determination process during the past year, notably in providing for simplified contracting procedures, I am concerned that, despite the best efforts of IHS and the tribes, the process is in some danger because of certain proposals in the proposed FY 1988 budget. I will identify these proposals in more detail later.

In fact, when we review the proposed budget in more specific detail, there are a number of serious problems that become apparent. What are the likely results that this proposed budget would produce?

In my opinion:

at the very least, this budget in an experiment in health care financing in which Indian people are the experimental subjects and in which, if the experiment is unsuccessful, it is Indian people who are placed at risk of suffering and death.

at its worst, this budget is a cynical strategy to subvert Federal Indian policy as it relates to Indian health, reversing the progress of the past 30 years in order to relieve the Federal government of its responsibilities for Indian health.

What is the basis for this view? The budget request proposes the following:

1) a reduction of $58.136 million below the "current services" level in hospitals and clinics (- 11%). While the budget justification suggests that "achievement of economies throughout IHS" will cover this reduction, there is no evidence whatever presented to support this position. While I am sure that Dr. Rhoades, tribal leaders and their respective health staffs will make every effort to maintain services, quite frankly, I do not believe there is any reasonable hope that even present levels of services can be maintained in the face of a reduction of this magnitude, let alone make any progress toward meeting the well-known deficiencies in health services to Indian communities.

2) a reduction of $47.392 million below the "current services" level in Contract Health Care, a reduction of almost 26%. Again, the budget justification appears to suggest that management improvements will resolve the problem, although there is absolutely no documentation to support the level of savings expected. In fact, it is admitted that "any cost or cost savings would be unsupportable at this time" (p. 75). I quite agree with that last statement. Further, I don't believe there is even the remotest possibility that anything less that a drastic

reduction of health services under the Contract Health Care program will occur if the proposed reduction in funding is permitted. It is an accepted fact that in many Indian communities, even with the "current services" level of funding, only emergency and urgent care is provided; how can we justify further reducing this already inadequate level of care?

3) a reduction of $2 million (nearly 75%) in the Tribal Management program - the principal account which has supported tribes in developing their capacity to exercise their "self-determination" activities in their health program and a reduction of $2.4 million (over 33%) in the Indian Health Manpower program - a major source of the skilled health professionals that are essential to tribal efforts to successfully operate their own health programs. When these two reductions are added to the serious reductions in funding for basic health services noted in 1) and 2), it is my belief that the progress in tribal "self-determination" will be seriously impeded. What tribal council will want to assume responsibility for their health program when it is faced with making such drastic reductions in health services to their people?

4) changes in "appropriation language" which would appear to allow the Adminstration to restrict utilization of funds by IHS throughout the Fiscal Year without having to propose either a "rescission" or a "deferral", and then to be able to propose using those funds to offset future years appropriation requests. I refer specifically to the language changes that would combine the Indian Health Services Appropriation and the Indian Health Facilities Appropriation into a single appropriation act (it has been extremely difficult for the Congress to get the Administration to build the hospitals, clinics and staff housing while the funds were protected in a separate appropriation - a combined appropriation would only accentuate the problem), that provide that IHS appropriations "remain available until expended" and that extend the time available for utilizing reimbursements received from Medicare and Medicaid from two to three years. In each instance, the justification is that these changes will "improve efficiency"; I believe they will simply provide another opportunity for the Administration to "impound" funds without the burden of requesting "rescission" or "deferral". If the purpose of these changes really was to provide "greater management flexibility and efficiency", why does the Administration propose to limit the availablity of funds for tribal grants or contracts to two years?

5) continues the Administration's efforts to eliminate the Community Health Representative (CHR) Program, the Urban Indian Health program, the sanitation facilities construction program, the construction of new Indian hospitals and clinics and staff housing, the recently established "catastrophic health care fund" and even the highly touted "war on drugs" funding. Various approaches are used in the budget justification - "phase-over", "phase-down", "rescission" or simply by not asking for funding in the FY 1988 budget request; the end result would be the same - the loss of cost-effective, vital programs that directly support the Administration's highest priorities of health promotion/disease prevention and "self-determination".

As if the above were not serious enough reversals in health services for Indian people, there is yet another potential problem on the horizon: within the next few days, the Office of Technology Assessment (OTA) will be presenting to the Congress a special report on "Clinical Staffing in the Indian Health Service". It is my understanding that OTA will be predicting a critical shortage of clinical staff (especially physicians and nurses) within the next two or three years. Dr. Rhoades has taken action this fiscal year to greatly expand the IHS efforts to recruit physicians for IHS and tribal health programs, action which I believe to be both essential and appropriate. However, it is my view that it is not recruitment but retention of clinical staff that has the greatest potential for averting this crisis.

What are some of the most important factors within the influence of the IHS that support retention? These would include good clinical facilities (hospitals and clinics), modern medical equipment, adequate staffing (nursing, laboratory and radiology services, pharmacy, and others), adequate housing, appointment in the Commissioned Corps of the Public Health Service, ability to serve a scholarship or loan repayment obligation, participation in a dynamic and creative community health program that demonstrates progress in community development and improved health status. It is obvious that the proposed budget along with other Administration initiatives actually opposes each of these factors that are important for recruitment and retention of clinical staff. Is it possible that this reflects a strategy to promote shortages of clinical staff in order to justify what appears to be an Administration initiative to turn Indian programs over to the private sector or to the states, as the Assistant Secretary of the Interior is proposing for Indian schools, an initiative which appears to be in conflict with the President's stated Indian policy?

In summary, it is my view that the potential outcome of the Fiscal Year 1988 Budget for IHS that is now being considered will be, in the short-term: serious loss of health care services to American Indian and Alaska Native people and diminished Indian "self-determination" activity; in the long term, it can set the stage for Federal abandonment of its responsibilities for Indian health care. For these reasons, it should be rejected.

I would respectfully offer the following specific recommendations:

1) Reject the proposed rescissions and reprogramming actions in order to maintain the integrity of the CHR and Urban Indian health programs and to continue the modest health facility and sanitation facilities construction programs. Note: if 80% of Indian homes have been provided with "safe water and an adequate means of sewage disposal" (p. 44), that means that 20% of Indian homes are without these essential health protections. The proposal to eliminate all of the staff in the Sanitation Facilities program should also be rejected: they have been essential to the success not only of the construction of the facilities but also in the highly successful operation of these facilities by the tribes themselves. To eliminate this staff resource would be "penny-wise and pound-foolish".

2) At the minimum, the health programs should be returned to the "current services" level. With the widely recognized deficiencies still remaining in the Indian health program and with many activities marginal at best, if at all possible, considertion should be given to

modest increases in essential high priority services.

3) The Congress should make clear to the Administration that health care financing experiments as proposed in the FY1988 budget are unacceptable. Before budget reductions are proposed based on "management improvements", the Administration should be required to provide documented evidence that these savings have IN FACT been achieved; Indian people should not be the ones put at risk!

4) The reductions in those activities that support the "self-determination initiative should be restored and, if possible, expanded. The modest "new account" of $2.5 million to support tribal administrative/indirect costs (p. 52)is welcome but it is substantially below the level required; it should be at least doubled and the restrictions to new or expanded programs should be eliminated. Those restrictions are a direct penalty imposed on those tribes who have already shown the initiative to manage their own programs; they should be rewarded, not punished for their efforts.

5) The "appropriation language" changes noted above should be rejected; the potential for abuse is just too high to recommend them.

6) Those programs scheduled for elimination should be retained. CHR's are the backbone of the field prevention program, the Urban programs have proved to be a highly cost-effective method of improving access to health care for both urban and reservation Indians, Congress specifically directed IHS to initiate the "catastrophic health care fund" and nothing has occured which would suggest that the Congress was in error, the essential nature of the modest programs of health facility and sanitation facilities construction is clear, and certainly, the "war on drugs" has not yet been won.

History has demonstrated that real progress can be made in elevating the health status of American Indian and Alaska Native people through an effective partnership between the Federal and tribal governments and their respective health staffs. That investment in progress can, however, easily be lost if consistent and considered suppport is not maintained. Congress has demonstrated its understanding of and commitment to this goal ever since the transfer of the Indian health program to the Public Health Service in 1955. I am confident that this progress will continue.

I would be happy to answer any questions that your have for me.

Prepared Statement of Everett R. Rhoades, M.D.

I am Dr. Everett Rhoades, Director of the Indian Health Service. I am accompanied by Mr. John Kelso, Deputy Administrator of the Health Resources and Services Administration, and from the Indian Health Service, Mr. G.H. Ivey, Deputy Director, Mr. Milburn Roach, Acting Associate Director for Administration and Management, Dr. Ward Hurlburt, Associate Director, Office of Program Operations, Ms. Luana Reyes, Associate Director, Office of Planning, Evaluation and Legislation, Mr. Art Thomas, Acting Associate Director, Office of Tribal Affairs, and Mr. Bill Pearson, Associate Director, Office of Environmental Health and Engineering. We are pleased to be here today to discuss with you the Fiscal Year 1988 budget request for Indian Health programs.

The Indian Health Service (IHS) is the Federal bureau charged with administering the principal health program for American Indians and Alaska Natives. The goal of the IHS is to raise the health status of American Indian and Alaska Native people to the highest possible level. Its mission is threefold: 1) to provide and/or assure the availability of high quality, comprehensive, and accessible health services; 2) to provide increasing opportunities for Indians to manage and operate their own health programs; and 3) to serve as a health advocate for Indian people. In FY 1988, the IHS will continue its mission by providing comprehensive health services to over one million Indian and Alaska Native people.

Since the transfer of Indian Health programs from the Department of the Interior to the Public Health Service in 1955, the health status of Indians has improved dramatically. The IHS comprehensive delivery system has developed three modes of health care delivery. First, the direct health delivery system, which is administered directly by IHS staff, provides services through the operation of 45 hospitals, 72 health centers, and several hundred smaller health stations and satellite clinics. The second is the tribal health delivery system, which is administered by tribes and tribal organizations through contracts with the IHS. These tribal organizations operate 6 hospitals and approximately 300 outpatient health clinics. The third is the contract health services. This mode of health care delivery purchases medical care from non-IHS and non-tribal providers. We consider contract health services to be an important and integral part of the comprehensive IHS health care system. Contract health services represent services either not available in IHS's direct or tribal facilities, or in locations where no IHS or tribal facility exists. The IHS has approximately 1,300 contracts with private providers primarily for the delivery of specialty care.

For Fiscal Year 1988, the budget request for the IHS includes $874.9 million in total obligations and $799.8 million in budget authority, of which $794.4 million is for Indian Health services, $2.4 million is for the Indian Health facilities modernization and repair program currently under the Indian Health Facilities appropriation, and $3.0 million is permanent budget authority for the operation and maintenance of personnel quarters. The difference between the proposed obligation amount and the proposed budget authority consists of anticipated miscellaneous reimbursements including approximately $60 million from Medicare and Medicaid sources to correct deficiencies in IHS facilities, plus $8 million from private insurers, the authority for which will require separate authorizing legislation.

The FY 1988 budget proposal for the Community Health Representatives (CHR) program includes a three-year phase-over to other funding sources beginning in FY 1989. The Urban Indian Health Program will be phased out over three years.

In order to maintain a quality health care delivery system in the future, the Indian Health Service will initiate policy and management strategies that will continue a cost effective and efficient program in the delivery of health care. As we move into the 1990's, we anticipate a continued increase in demand for services and a growing beneficiary population. A number of our FY 1988 objectives address the initiatives that we feel will help us better serve the American Indian and Alaska Native population in the 1990's.

One broad focus in strengthening the overall IHS program is in the area of Indian self-determination and tribal activities. In the twelve years since the passage of P.L. 93-638, the Indian Self-Determination and Education Assistance Act, the IHS has made significant progress in increasing the opportunities for Indian tribes to manage and operate their own programs. In order to overcome barriers and enhance the opportunities for tribal contracting, IHS is working with interested tribal officials to implement a variety of improvements in the 638 contracting process. These include streamlining and simplifving the contracting process, addressing indirect costs, and providing technical assistance in the contracting process. IHS has maintained direct communications with Indian tribes through consultation at national Indian organizational meetings; and through meetings sponsored by IHS Headquarters and Area Offices.

Second, we have placed significant emphasis on health promotion and disease prevention (HP/DP) in all IHS areas. Each IHS Area Office has an HP/DP plan in effect which has included Area symposiums with tribal involvement. Our environmental health program, nursing program, and community health representatives program are also involved in working with tribes in the HP/DP area. We feel that the IHS can significantly impact the overall health status of the American Indian and Alaska Native population by promoting healthful lifestyles, instituting community injury control programs, and continuing the provision of disease prevention services. These efforts, and others in the HP/DP area, will continue to increase in the future.

In this same area, we have recognized for a number of years that alcoholism and substance abuse is a severe problem in the Indian community. We have already started working with the Bureau of Indian Affairs (BIA) in this area and will formalize our effort with the BIA through a Memorandum of Agreement (MOA) to carry out the provisions of the Omnibus Drug Act, P.L. 99-570. The

major thrust of the MOA will be to determine and define the scope of the drug and alcohol problem and to commit and coordinate resources to control the problem. We will focus on prevention services aimed at youth. We will continue to enlist the support of tribes in this effort. In FY 1988, the IHS will continue its drug and substance abuse efforts within the Hospitals and Health Clinics activities. The level of effort will be adjusted to take into account the overall needs of the IHS programs.

The management of the IHS program is a third area that we are strengthening. We have instituted a number of ongoing program efforts that we feel will provide information on how we can better manage our programs. For example, IHS has recently entered into an agreement with Blue Cross/Blue Shield to serve as a fiscal intermediary. IHS is also continuing the review of the IHS field organization in order to maintain an equitable distribution of staff resources among our Area Offices. In addition, we are continuing to refine our method for the equitable allocation of resources among tribes and service units for health services, with the goal of providing available health care resources directed at the area of greatest need.

We are also looking at ways that we can establish and formalize relationships with health organizations for the benefit of tribes. The American Red Cross and local Red Cross chapters is one organization with which we have established a formal relationship on behalf of Indian tribes. It is expected that tribal communities will be strengthened by this relationship and have more resources available to their tribal members.

Finally, and in accordance with the President's new federalism policy, IHS is studying the possibility of establishing alternative methods of health care delivery such as health maintenance organizations, shared services, vouchers and preferred provider organizations for Indian tribes. We expect to consult with tribal representatives and tribal organizations in FY 1987 and continue in FY 1988 to discuss the alternatives that are available in this area.

Mr. Chairman and members of the Committee, I will be pleased to answer any questions you may have on the specifics of the FY 1988 budget request.

PREPARED STATEMENT OF VIRGINIA E. SPENCER

Mr. Chairman and members of the Select Committee on Indian Affairs, my name is Virginia Spencer and I am the Executive Director of the National American Indian Housing Council (NAIHC). I am pleased to appear before you today to testify on the Administration's proposed budget for meeting Indian housing needs. I also want to take this opportunity to express the NAIHC's sincere appreciation to the members of this Committee and especially to you, Chairman Inouye, for your support and commitment to Indian housing.

On January 5th, HUD Secretary Pierce announced a $10.2 billion budget for FY88, a 28% cut from FY87 funding. The Administration proposes $3.9 billion for 82,000 units of assisted housing -- only 1,000 units for Indian families, 79,000 vouchers for low-income families nationwide, and 2,000 units for the elderly under the Section 202 program. For Indians, this is a 59% cut from its FY87 funding. Also, language is being proposed for the rescission of any budget authority recaptured in FY88.

The latest Bureau of Indian Affairs Consolidated Housing Inventory shows 92,580 Indian families in need of assistance: 39,880 need their homes renovated, and 52,700 require new houses to be constructed. A program which only commits one thousand units per year is totally inadequate and forces Indian families to live in substandard housing all of their lives if they choose to continue to live on their traditional homelands. The alternative is to move to urban areas where they join the ranks of the homeless or compete for other assisted housing dollars. Many Indian families choose to stay on the reservation doubling and even tripling up in the already substandard housing found there. The results are worsening health conditions, overcrowding, social disruption and the breaking up of families.

Indian housing development would receive $71.5 million in "budget authority" for financing the 1,000 new homes. The entire amount will be shown as one year's funding rather than the long-term financing which is how new construction has been financed in the past. It makes annual appropriations look more expensive for fewer units, however, it cuts long-term financing costs thus saving the federal government money. Again, too few units to meet the need is the problem Indians face. A minimum of 6,000 units per year could meet the need for new units in approximately ten years. At 1,000 units per year, it would take 60 years to meet today's need.

The Department of Housing and Urban Development has introduced a new term "Shift Of Fund Availability" or "SOFA" in lieu of proposing a deferral of funding into the next fiscal year. This method is used for determining the amounts proposed for FY88 CIAP (modernization) and operating subsidies, thus making it unclear what would be available for both FY87 and FY88. Under CIAP, $436.9 million is proposed to be shifted from FY87 and $563.1 million added to equal $1 billion for FY88. Indian housing would receive about 2% of this amount. Operating subsidies are estimated at $1.462 million including an FY87 "SOFA" of $ 85.3 million. Again, Indian housing is slated to receive 2% of the this amount. Contract amendment money will be available for off-site water and sewer construction, however, the amount is not stated in the budget proposal. Hopefully it will be adequate to serve houses coming to construction.

Through FY88, debt forgiveness on public and Indian housing development and modernization projects will continue for projects funded prior to 1986. This is in accordance with the provisions of the Consolidated Omnibus Reconciliation Act (P.L. 99-272). Implementation of debt forgiveness is still to be undertaken for parts of the Indian Housing Program. Currently it is unclear as to how this will effect Mutual Help homebuyers.

An initial proposal to separate Indian Housing from Public Housing within HUD has been submitted to OMB. The measure, originating out of the HUD Secretary's Committee on Indian and Alaska Native Housing, proposes a new statutory section (Title) on Indian Housing under the U.S. Housing Act of 1937. No change in appropriations or budget activities are proposed. All Indian housing components of the original housing law are contained in the draft legislation. The National American Indian Housing Council supports the concept of this legislation. Members of NAIHC will be reviewing the separation proposal and regulations, and requesting oversight hearings on it. We believe that the elements that comprise the Indian Housing Program are unique enough to justify separation and thereby improve administration of the program within HUD. We have not come to this conclusion overnight. Several years of experience with the Program and review of alternate methods of providing assistance have led us to the conclusion that separation is the best method of achieving a more efficient program responsive to meeting the unique needs in Indian Country. Separation would be the first step in helping us realize this goal.

The Bureau of Indian Affairs has requested $17.340 million for the FY88 Housing Improvement Program (HIP) budget. This is a 23% cut from the HIP FY87 appropriation. Also, a rescission of $6.311 million of FY87 monies is requested. New construction is again proposed to be suspended as an allowable HIP activity, and a new emphasis on self-help rehabilitation construction is planned. Along with this approach, the Bureau is planning to establish a new program initiative of "Economic Self-Assistance." The purpose of this initiative is to create opportunities for Indians eligible for General Assistance for "sustained and meaningful work leading toward their skills development, while at the same time, meeting essential housing needs."1

Again, the need for housing assistance for Indians is so great that the budget cuts and proposed rescission only lead Indian families off the reservation to substandard housing elsewhere. While the goal of combining work opportunities and housing rehabilitation is commendable, families should not have to wait for training to get homes rehabilitated.

Road construction funds mainly come from other federally-funded highway programs. The Bureau will finance all costs of the Indian Road Construction program through contract authority from the Highway Trust Fund of the Federal Lands Highway Program, Department of Transportation. Project funds totalling $75 million are proposed for FY87-90 subject to Congressional reauthorization. This combination of funds supports road construction for HUD homes.

The Administration's budget proposal from Indian Health Service indicates that no funds will be requested for sanitation facilities for Indian homes or communities for FY88. The administration claims that 80% of the need has been fulfilled and leaves the rest high and dry! In addition, funding for 125 temporary and part-time sanitation facilities employees is eliminated. These employees perform skille and semi-skilled construction related jobs and are badly needed in Indian Country. It is well established that Indian people suffer an inordinately high incidence of disease, injury, and illness directly attributable to the absence or inadequacy of safe water supplies and sanitation facilities. Further, the long-term cost of treating and curing these diseases and injuries is much greater than the short-term cost of providing such systems. It should be the policy of this Government that all Indian communities and homes, whether new or existing, be provided with safe and adequate water supply systems, sanitary sewage and waste disposal systems as soon as possible.

While major housing assistance programs were developed in the 1930's and 1940's for the underserved in the rest of the nation, Indian housing needs were ignored. A variety of programs are now available to most Americans at several economic levels, but, to date, for American Indians and Alaska Natives on trust land, home mortgages are not available on reasonable terms, rental units cannot be found, and assistance to the lowest income has been inadequate to deal with the increasing numbers needing help. Complicating the severe need for adequate housing are unique social, economic and legal factors affecting Indian people. These include:

1. The federally protected status of Indian land which prohibits its alienation, encumbrance or taxation.
2. The cultural, legal and geographical diversity of the various Indian tribes.
3. The lack of stable economies and the high incidence of poverty among Indians.
4. The multiplicity of federal agencies presently involved in the delivery of Indian housing.
5. The security risk presented by Indian land status which makes private mortgage financing and mortgage insurance programs unavailable to Indians regardless of income.
6. The refusal of Indian people to jeopardize the trust status of their lands, and the importance of the Indian land base to the economic, cultural and political survival of the tribes.

Mr. Chairman, the Indian population has doubled in the last decade and the median age is between 20-25 years. This indicates that there will be an ever increasing demand for housing for Indians in the coming years. I urge the Committee to provide adequate funding for the existing programs to deal with the unmet need.

In addition to opposing the proposed budget cuts, the National American Indian Housing Council would like to affirm its support of H.R. 4, the "Housing Act of 1987," which is under consideration by the Banking Committees. However, we would ask that the authorization for appropriations be committed at the 6,000 unit level. Also, members of NAIHC strongly support the amendment which would allow recaptured funds from the Indian Housing Program to be used only for other Indian housing. We ask members of the Committee to support these as well as other provisions of the bill including the establishment of rent ceilings for Indian homes. In addition, we request the deletion of the 30% of income contribution now required for rental units as this has been particularly devastating for very low-income families to meet. Also I am including NAIHC's resolutions and position papers discussing these issues which I would like to have made a part of the hearing record. Thank you very much.

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[1] Source: BIA FY88 Budget Proposal

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RESOLUTION NO. 86-2

A RESOLUTION REDUCING THE 30% RULE TO 25% AND ESTABLISHING CEILING RENTS FOR INDIAN HOUSING.

WHEREAS, Indian Tribes have one major option for the provision of decent, safe and sanitary housing for their people; and

WHEREAS, the existing delivery system for housing on Indian Reservations being the Department of Housing and Urban Development is created for public housing with some consideration for unique conditions on Indian Reservations by establishing the Office of Indian Programs within HUD; and

WHEREAS, Congress must further recognize the uniqueness of Indian Reservations and that regulations established for public housing are not viable on Indian Reservations and that some regulations cause a "negative incentive" in the form of income penalties that become true penalties with the fact that tenants cannot graduate to private housing. One such regulation being the 30% rule, with no ceiling rent; and

WHEREAS, the 30% rule with the lack of ceiling rents further cause higher income Indian tenants to move from reservations to urban areas with lower rents, leaving only the very low income Indian People, causing "GHETO's" on Indian Reservantions; and,

WHEREAS, Indian Tribes are working toward self-determination and hoping to create a solid economic base on reservations and need their resourceful people to meet this goal.

NOW THEREFORE BE IT RESOLVED, that NAIHC and it's staff support, work and convince the powers that be to reduce the 30% rule to 25% with the establishment of ceiling rents.

CERTIFICATION

AS THE DULY APPOINTED SECRETARY FOR THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL I HEREBY CERTIFY RESOLUTION NO. 86-2 WAS APPROVED 85 FOR AND 0 AGAINST AT THE 1986 ANNUAL CONVENTION IN SPOKANNE, WASHINGTON

Chairman, Wayne Chico

Coni Wilson
Secretary, Coni Wilson

June 11, 1986
Date

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RESOLUTION NO. 86-5

WHEREAS, 6,000 units of new development of Indian Housing are considered to be a base minimum needed to continue to meet the annual demand for homes across Indian Country, and;

WHEREAS, a reduction from the 6,000 unit level would diminish the hopes of many Indian Families through the reduced number of units made available to the Indian Housing Authorities, and;

WHEREAS, the benefits of providing the units of new development to the Indian families far outweighs the impact that the comparable funding reduction within the national deficit would have in terms of human suffering and inconvenience, and;

WHEREAS, since 1981, Indian Housing Authorities have suffered severe cuts in the number of units allocated each year.

NOW THEREFORE BE IT RESOLVED, by the National American Indian Housing Council that Congress approve funding for Indian Housing at not less that the 6,000 unit level for FY 1987 and each year beyond.

CERTIFICATION

AS THE DULY APPOINTED SECRETARY FOR THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL I HEREBY CERTIFY RESOLUTION NO. 86-5 WAS APPROVED BY ACCLAMATION AT THE 1986 ANNUAL CONVENTION IN SPOKANNE, WASHINGTON.

Chairman, Wayne Chico

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June 11, 1986
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RESOLUTION NO. 86-7

A RESOLUTION REQUESTING NAIHC PRIOR INPUT INTO HUD DEBT FORGIVENESS IMPLEMENTATION PLANS.

WHEREAS, the National American Indian Housing Council is enabled by it's constitution to provide constant survelliance of current Housing and Urban Development policies; and

WHEREAS, the United States Congress is in the process of enacting legislation affecting the future of Indian Housing including language addressing the forgiveness of indebtedness incurred by the Department of Housing and Urban Development for the financing of housing projects; and

WHEREAS, regardless of the Department of Housing and Urban Developments's interpretation of legislation in determining implementation, serious ramifications will be felt by all Indian Housing Authorities and thousands of Indian Homebuyer Participants. The possibility of significant adverse consequences exist without the National American Indian Housing Council's input; and

WHEREAS, the National American Indian Housing Council desires the Department of Housing and Urban Development solicit the organization's input regarding the law's implementation.

THEREFORE BE IT RESOLVED, that the National American Indian Housing Council insist on an active participatory role in jointly formulating the policies of implementation with the Department of Housing and Urban Development.

BE IT FURTHER RESOLVED, that this approved resolution be conveyed to Sammuel Pierce, Secretary of the Department of Housing and Urban Development, by the Chairman and Executive Director of this organization.

CERTIFICATION

AS THE DULY APPOINTED SECRETARY FOR THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL I HEREBY CERTIFY RESOLUTION NO. 86-7 WAS APPROVED 84 FOR AND 0 AGAINST AT THE 1986 ANNUAL CONVENTION IN SPOKANNE, WASHINGTON.

Chairman, Wayne Chico

Coni Wilson
Secretary, Coni Wilson

June 11, 1986
Date

Provided by George Gaasvig, Executive Director, Red Lake Reservation Housing Authority to the HUD Secretary's Committee on Indian Housing

Secretary's Committee

January 20, 1987

A paper developed to bring attention to several aspects of the Indian Housing Program that have resulted in unfair treatment of Indian Families and management problems within Indian Housing Authorities. If left unchecked, these situations will continue to grow worse as time goes on and as the Indian Housing Program begins to come full circle towards the intended result of homeownership.

In 1962, Indian Communities were allowed to enter the domain of the Subsidized Housing Programs within the Federal Government. Available to these communities at that time were the Subsidized Low Income Rental Program and the Mutual Help Homeownership Program. Each program, by design at that time and in theory, was to address the housing needs of a specific group. The Low Income Rental Program was designed to afford shelter to those families with limited incomes, but sufficient income to afford renting a home if it were made available. The Mutual Help Homeownership Program was designed at that time, to offer Housing to lower income families who could not afford to rent. By design then, the Mutual Help Homeownership Program was intended to serve the needs of the poorest Indian families in Indian Country.

Throughout the 24 year history of the Indian Housing Programs, the "solutions" to Public Housing problems have also been deemed "solutions" to Indian Housing programs. Although usually well intended, the results in many cases were less than optimal. A case in point to this effect is the "Brooke Amendment" of 1973. Intended to insure that Public Housing tenants would pay rent, including utilities, management and management charges, based on ability to pay, it completely ignored the plight of the very poorest Indian Families. These were the families participating in the Mutual Help Program, for which there is no counterpart within Public Housing. At a time when the "Brooke Amendment" afforded assistance to Rental Program tenants for rent payments, maintenance, utilities, and modernization, the poorest Indian families were left with definite payments, total upkeep and maintenance, and full responsibility for utilities.

It can only be concluded that the logic that left these poorest families under this burden was an oversight since the "Brooke Amendment" was structured toward Public Housing, or that since the Mutual Help participants had a contractual agreement, no relief could be offered. In any event, the direct result of this situation was that Mutual Help families did not have sufficient funds from which to cover all the costs of maintaining and operating a home. Further results included delinquent payments, low maintenance and potential eviction. It is extremely ironic for these families to be faced with eviction due to the inability to afford a home within a program that by design was to help the very poorest Indian Families. One need not be gifted with a great deal of logic to conclude that possibly the program design was/is in error.

Time proves to be the best teacher and in the revisions to the Mutual Help Program in 1976, the New Mutual Help Program began to address these deficiencies. The New Program requires that participants have the ability to afford the unit costs including fees, maintenance and utilities, and established the reserve account. Although there are still lingering problems due to other factors, this was a significant move towards a more viable program. Most unfortunately, however, is the fact that nothing was done to address these concerns as applied to the Old Mutual Help Program.

It is not to late to look at possible solutions or changes to the Old Mutual Help Program that will result in the intended result of homeownership and continued maintenance:

1) Within the parameters of Debt Forgiveness, continue the project write offs at the accelerated levels in place prior to 1983 and under which the few Mutual Help homebuyers who had adequate incomes, did achieve homeownership.
2) Under Debt Forgiveness, which by design is not intended to allievate the homebuyer from their required payments, allow the collections from rents and payments to remain with the IHA's to establish a fund from which application for maintenance, appliance replacements, sanitation facilities replacement, etc., could be funded.

3) Bring Old Mutual Help participants under the "ability to pay provisions afforded rental unit participants, acknowledging their need (including subsidy if necessary).
4) Allow Mutual Help participants, once they obtain ownership, to remain eligible to apply for assistance from the fund established through collections. (The fund should be funded, through subsidy if necessary, at a predetermined level).
   (Additional solutions/changes can be pursued once the acknowledgement that something should be done is offered).
5) Forgive debt on Old Mutual Help to the Housing Authority and allow each authority to submit a plan for structuring forgiveness in the best interest of each participant.

The parameters of the "Brooke Amendment" have been both a blessing and a burden to the tenants and management of Indian Housing Authorities. Blessings can be identified as:

1) Assurance that a family will not be "priced out" of a dwelling.
2) By theory, utilities will be included and/or subsidized as part of the rent.
3) Routine maintenance will be covered on the unit.

Burdens of the "Brooke Amendment include:

1) No minimum payment for rent.
2) No requirement that subsidized utility payments be made directly to the utility company on behalf of the tenant.
3) Continual recertification for eligibility when alternative housing is non-existent.
4) No maximum rents.
5) Increased percentage payment from 25 to 30 at a time when no adjustments for inflation had been made for over ten years.

The "Brooke Amendment" although very well intentioned, needs refinement in order to achieve optimal efficiency for Indian Housing:

1) A minimum rental payment, separate and distinct from the utility calculations would instill a uniform "payment for shelter" throughout all the Housing Programs. Continue to provide the subsidy and assistance for maintenance and utilities.

2) Make utility subsidy payments directly to the utility company in a fashion similar to the general energy assistance programs.

3) With the minimal turnover and lack of alternative housing in Indian Country, minimize the requirement for recertification.

4) Establish maximum rents/payments at a level not to exceed a recognized amortization payment on the unit.

5) Revert the 30% payment level back to 25% (at most) in recognition of the fact that a subsidized housing program should promote the direction of a family towards independence, rather than subjecting the family to dependence.

Any and all of the above problems/solutions are directed at the unique aspects of the Indian Housing Programs verses Public Housing Programs and should be pursued in conjuction with the Separation of the two Programs due to these unique differences.

In the same token this paper is meant as support for the request for hearings on Indian Housing for the purpose of separation and refinement of Indian Housing Programs.

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POSITION PAPER 1

The attached paper is offered as the position of the National American Indian Housing Council as pertaining to the impact of inflation on the required rent payments of Indian Housing Program tenants/homebuyers. The impact of inflation has gone unaddressed throughout the 1970's and has resulted in an unfair burden being placed on occupants of the identified subsidized housing programs.

The ramifications have been numerous, including an impacting affect on Tenant Accounts Receivable and Management Problems. Indian Housing Authorities (IHA'S) have been labeled financially troubled and an image of irresponsibility attached to IHA'S. In many cases, all of the above ramifications have been a result of inflation either directly or indirectly.

Several possible solutions that would reverse or offset the impact of inflation are offered. Action must be taken in order to preserve the intent of the subsidized housing program in continuing to be an opportunity and not a burden in the endeavor to provide decent, safe and sanitary houses for low income Indian families.

CERTIFICATION

AS THE DULY APPOINTED SECRETARY FOR THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL I HEREBY CERTIFY POSIITON PAPER NO. 1 WAS APPROVED 78 FOR AND 0 AGAINST AT THE 1986 ANNUAL CONVENTION IN SPOKANNE, WASHINGTON.

Chairman, Wayne Chico

Coni Wilson
Secretary, Coni Wilson

June 11, 1986
Date

Potential Adjustments to Indian Housing

Subsidized Indian Housing Programs through the Department of Housing and Urban Development (HUD) have provided thousands of Indian Families with decent, safe and sanitary living conditions over the past twenty-three years. Unquestionably, these homes would not have been available to these Indian families without the support of Congress and the successful implementation by HUD. However, an unfair burden has been placed on families served by the Indian Housing Program due to the failure to adjust payment formulas to reflect inflation and the unique differences between Indian Housing vs Public Housing.

History:

In the beginning, the Low Income Rental Indian Housing Program consisted of fixed rent schedules, which by their pre-set levels, provided funds for operation and management of the rental program. Recognizing that many very poor Indian families could not afford the preset rents, the Mutual Help Program for Indian families was developed. By assisting with the construction of a Mutual Help home, a poor Indian family selected for the program could be provided a home with only a minimum monthly payment required in return (initially set a $10.00) to cover insurance and administration expenses. It was assumed that if the program provided the home, the selected family would provide the maintenance and upkeep, with the eventual goal of homeownership. In the early 1970's the Brooke Amendment was enacted to assist Indian (and Public) Housing Program participants in meeting their rental obligations. In effect, the Brook Amendment provided that rents would be based on ability to pay (as opposed to fixed rents) and in many cases the newly determined rents were reduced to zero or even negative (to provide for utility payments).

Mutual Help payments continued to be based on the income of the participant, but retained the minimum required payment, even though most Mutual Help participants at this point were the poorest Indian families.

In addition, beginning in 1973, annual inflation began to eat away at the meager incomes of Indian families such that the buying power (in 1975 dollars) today isn't enough to meet their required monthly rent payment (see exhibit A). Wage and/or assistance increases have not been able to absorb the inflation increases, which resulted in rent/payment requirements exceeding the buying power of the families income. This resulted in requiring many families having to make very tough choices as to where their dollars would go such as for food, fuel, clothing, transportation, education, shelter, etc. In many instances the housing authorities could not bring themselves to evict families who couldn't afford to make rental or mutual help payments, which then escalated into a lack of enforcement of eviction policies and a resulting increase in delinquent accounts. The blame for this situation has been unfairly placed on the IHA's and Tribes, when in fact, the underlying erosion of the dollar played the major role in creating this situation.

Problem:

Indian families with average incomes well below the poverty level, historically have not been able to keep up with inflation through the buying power of their meager incomes or assistance levels. This has resulted in having many Housing Authorities placed in a Financially Troubled status due to their inability to collect rents/payments. This situation is true with both the rental program and the Mutual Help program, with the mutual help program participants being hit even harder due to the required minimum payment.

In addition, with some of the original very poorest Indian families having made the sacrifices necessary to eventually achieve home ownership within the mutual help program, they now find that they do not have the finances necessary to support and maintain a home when major repairs or problems occur.

No allowance has been provided to assure that mutual help families will be able to maintain their units upon the event of homeownership.

Historical Solution:

Historically, the solution to a families inability to pay the minimum mutual help payments, has been to place the family from a mutual help home to a rental unit. In the case of failure to meet rent payments, the solution, eviction. (Eviction in effect compounds the families problems in that they not only have insufficient income to afford a subsidized housing unit, now they must enter the open market for housing and pay even more). The eviction solution is true for Mutual Help participants who are unable to be placed in rental units. Neither situation is an acceptable solution when the families were forced into the situation through no fault of their own but rather through events beyond their control.

Solutions: (Food for thought)

1) Increase individual deductions for purposes of determining rent/payments to levels consistent with that of the I.R.S. which recognized and compensated for the effects of inflation on the buying power of family incomes and especially as it affects very low income people. (See exhibit B).
2) Provide a subsidy to assist mutual help families in very low income brackets to meet their program obligations and to avoid the compound problems of eviction.
3) Acknowledge the discrepancies inherent in the program that have not been addressed in the past and provide an avenue of relief through assignment, adjusted buyout, or subsidy for Mutual Help families.
4) Provide a grant or loan program for Mutual Help homeowners to facilitate upkeep of the home before and after ownership.

5) Provide for a maintenance fee on Mutual Help homes to establish an individual fund for each unit from which to repair and maintain the home, in recognition of the very low incomes of the participants for whom the program was originally designed.

6) Eliminate negative rents in return for program wide adjustments to achieve the required changes needed to allow for fair and impartial treatment of poor Indian families. *

7) Require by statutes that payments from participants for subsidized Indian Housing be provided directly from their source of income.

* (Allow other Federal programs now in place to assist with utilities, for which negative rents are currently utilized).

Exhibit A

Statistical Facts Pertaining to Rent/Payment Calculations

1) No. 638 Public Aid: (Exhibit C)

Public Assistance (AFDC) average payments from 1975 to 1983 increased by approximately 52%.
(109-72=37 ÷ 72 = 52)

2) No. 776 Purchasing Power of the Dollars: (Exhibit D)

Purchasing Power of the dollar, in 1975 dollars, was reduced to 54¢ by 1983. (335 ÷ 621 = .54)

3) No. 789 & 790 Consumer Price Index: (Exhibits E & F)
Consumer prices from 1975 to 1983 rose by 85%
(298.4 - 161.2 = 137.2 ÷ 161.2 = 85%)

4) Rents for this period remained at 25% until the 1983 increase to 30% of Adjusted Gross Income. The resulting affect was that subsidized housing participants paid out more of their actual dollars for rent/payments by the end of this period than at the beginning of this period.

Result:
Families income's (especially those on AFDC, but also, those employed on reservations) did not keep up with inflation. In addition, in 1983 there was a 5 percent increase in payments, at a time when the increased burden of rent payments should have been met with an individual deduction increase to offset the adverse affects of 10 years (plus) of inflation.

Exhibit B

Examples: (Family of 5 on AFDC in 3 Bedroom home)

1) Actual Rent Payment

A) 1975 Rent Payment:

Annual Income ($72 X 5 X 12)		$4,320
Exemptions 5% + (300 X 4)		(1,416)
Adjusted Gross Income	(÷12)	$2,904
Adjusted Monthly Income		$ 242
Gross Monthly Rent (25%)		$ 60.50

B) 1983 Rent Payment:

Annual Income ($109 X 5 X 12)		$6,540
Exemptions (4 X 480)		(1,920)
Adjusted Gross Income	(÷12)	$4,620
Adjusted Monthly Income		$ 385
Gross Monthly Rent (30%)		$ 115.50

2) 1983 Rent Payment with new formula

A) 1983 Rent Payment in 1975 Dollars (What payment should have been in 1983):

Annual Income (6540 X .54)		$3,532
Exemptions (1920 X .54)		$1,037
Adjusted Gross Income	(÷12)	$2,495
Adjusted Monthly Income		$ 208
Gross Monthly Rent (30%)		$ 62

B) 1983 Rent in 1983 dollars (What rent is in 1983 with new formula):

Same as 1) B) above

3) Rent Payments if formula hadn't changed

A) 1983 Rent Payment in 1975 Dollars:

Annual Income (X.54)		$3,532
Exemptions 5% + (300 X 4) (X.54)		(825)
Adjusted Gross Income	(÷12)	$2,707
Adjusted Monthly Income		$ 226
Gross Monthly Rent (25%)		$ 56

B) 1983 Rent Payment in 1983 dollars:

Annual Income (109 X 5 X 12)		$6,540
Exemptions 5% + (300 X 4)		(1,527)
Adjusted Gross Income	(÷12)	$5,013
Adjusted Monthly Income		$ 418
Gross Monthly Rent (25%)		$ 104.50

4) 1983 Rent if Exemptions were increased to IRS levels to offset inflation:

Annual Income	$6,540
Exemptions (5 X 1,040)	$5,200
Adjusted Gross Income	$1,340
Adjusted Monthly Income	$ 112
Gross Monthly Rent (30%)	$ 37

The increase of percentage from 25% to 30% would not have had the detrimental impact that it did if adjustments for inflation had been implimented during this highly inflationary period.

An increase in the individual exemption to $1,040 per household member would provide the family with a living allowance prior to the extraction of rent by the Housing Authority. This would result in the program becoming an assistance to poor families instead of a burden.

Exhibit C

Public Aid—Supplemental Security Income

No. 633. PUBLIC AID—RECIPIENTS OF AND AVERAGE MONTHLY CASH PAYMENTS UNDER SUPPLEMENTAL SECURITY INCOME AND PUBLIC ASSISTANCE: 1970 TO 1983

[In thousands, except as indicated. As of December, except as noted. SSI=Supplemental security income. SSI data are for federally administered payments only; see text, p. 352. Excludes vendor payments for medical care (i.e., payments made directly to suppliers of medical care). Beginning 1974, Federal SSI program replaced Federal grants for aid to the aged, blind, and disabled in the 50 States and DC; such grants continued for Puerto Rico, Guam, and Virgin Islands. Residents of Northern Mariana Islands became eligible for SSI in 1978. Public assistance data for all years exclude Puerto Rico, Guam, and Virgin Islands. See also Appendix III and *Historical Statistics, Colonial Times to 1970*, series H 355-367]

PROGRAM	1970	1975	1976	1977	1978	1979	1980	1981	1982	1983
Recipients of payments:										
SSI, total ¹	(X)	4,314	4,236	4,238	4,217	4,150	4,142	4,019	3,858	3,901
Percent also receiving Social Security	(X)	52.7	51.9	51.9	51.7	51.4	51.0	50.2	49.4	49.5
Male	(X)	1,532	1,483	1,472	1,454	1,423	1,423	1,385	1,321	1,346
Female	(X)	2,770	2,745	2,759	2,757	2,722	2,715	2,635	2,534	2,552
White	(X)	2,755	2,673	2,758	2,733	2,664	2,636	2,517	2,335	2,275
Black	(X)	1,120	1,101	1,158	1,153	1,141	1,138	1,105	1,043	1,026
Aged	(X)	2,207	2,148	2,051	1,968	1,872	1,808	1,678	1,549	1,515
Blind	(X)	74	76	77	77	77	78	79	77	79
Disabled	(X)	1,933	2,012	2,109	2,172	2,201	2,256	2,262	2,231	2,307
Old-age assistance ²	2,061	18	19	19	19	19	19	19	19	18
Aid to the blind ²	80	(Z)	(Z)	(Z)	(Z)	(Z)	(Z)	(Z)	(Z)	(Z)
Aid to permanently, totally disabled ²	877	17	17	18	19	20	21	22	22	22
AFDC: ³										
Families	2,552	3,568	3,568	3,553	3,489	3,560	3,843	3,633	3,506	3,723
Recipients ⁴	9,659	11,404	11,211	10,796	10,349	10,379	11,101	10,613	10,504	10,868
Children	7,033	8,106	7,909	7,582	7,228	7,207	7,539	7,125	6,972	7,131
General assistance cases	547	692	685	654	620	696	796	861	1,019	(NA)
Average monthly payments (dol.):										
SSI, total	(X)	114	120	125	130	156	168	183	196	212
Aged	(X)	91	94	97	100	123	128	138	146	158
Blind	(X)	147	153	159	164	212	213	228	242	256
Disabled	(X)	141	148	150	155	182	198	214	229	245
Old-age assistance ²	75	21	21	22	22	42	39	41	36	(NA)
Aid to the blind ²	102	15	16	17	19	39	35	43	37	(NA)
Aid to permanently, totally disabled ²	95	15	15	18	17	38	35	40	37	(NA)
AFDC: ³										
Families	190	229	241	250	256	271	288	301	310	320
Recipients	50	72	77	82	86	93	100	103	106	109
General assistance cases	112	144	154	158	157	157	161	(NA)	(NA)	(NA)

NA Not available. X Not applicable. Z Fewer than 500. ¹ Includes items not shown separately. ² Average monthly recipients and payments for the year. ³ Aid to Families with Dependent Children program. ⁴ Includes the children and one or both parents, or one caretaker relative other than a parent, in families where the needs of such adults were considered in determining the amount of assistance.

Source: U.S. Social Security Administration, *Annual Statistical Supplement to the Social Security Bulletin*; *Social Security Bulletin*, monthly; and *Public Assistance Statistics*, monthly.

Exhibit D

NO. 776. PURCHASING POWER OF THE DOLLAR: 1940 TO 1984

[1967 = $1.00. Producer prices prior to 1961, and consumer prices prior to 1964, exclude Alaska and Hawaii. For 1940 and 1945, producer prices based on all commodities index; subsequent years based on finished goods index. Obtained by dividing the average price index for the 1967 base period (100.0) by the price index for a given period and expressing the result in dollars and cents. Annual figures are based on average of monthly data]

YEAR	ANNUAL AVERAGE AS MEASURED BY—		YEAR	ANNUAL AVERAGE AS MEASURED BY—		YEAR	ANNUAL AVERAGE AS MEASURED BY—	
	Producer prices	Consumer prices		Producer prices	Consumer prices		Producer prices	Consumer prices
1940	$2.469	$2.381	1959	$1.075	$1.145	1972	$.853	$.799
1945	1.832	1.855	1960	1.067	1.127	1973	.782	.752
1948	1.252	1.387	1961	1.067	1.116	1974	.678	.678
1949	1.289	1.401	1962	1.064	1.104	1975	.612	.621
1950	1.266	1.387	1963	1.067	1.091	1976	.586	.587
1951	1.156	1.285	1964	1.063	1.076	1977	.550	.551
1952	1.163	1.258	1965	1.045	1.058	1978	.510	.512
1953	1.175	1.248	1966	1.012	1.029	1979	.459	.461
1954	1.172	1.142	1967	1.000	1.000	1980	.405	.406
1955	1.170	1.247	1968	.972	.960	1981	.371	.367
1956	1.138	1.229	1969	.938	.911	1982	.356	.346
1957	1.098	1.186	1970	.907	.860	1983	.351	.335
1958	1.073	1.155	1971	.880	.824	1984, June	.343	.322

Source: U.S. Bureau of Labor Statistics. Monthly data in U.S. Bureau of Economic Analysis, *Survey of Current Business.*

Exhibit 2

Consumer Price Indexes

No. 739. Consumer Price Indexes, by Major Groups: 1950 to 1984

[1967 = 100. Annual averages of monthly figures, except as indicated. Prior to 1965, excludes Alaska and Hawaii. Beginning 1978, reflects buying patterns of all urban consumers in the 1970's. See text, p. 466 for details regarding other periods. See also Historical Statistics, Colonial Times to 1970, series E 135-173]

YEAR	All items	Food	Rent, residential	Home ownership	Home purchase	Fuel oil and coal [1]	Gas and electricity	Apparel and upkeep	TRANSPORTATION: Private	TRANSPORTATION: Public	Medical care	All commodities	All services
1950	72.1	74.5	70.4	(NA)	(NA)	72.7	81.2	79.0	72.5	48.9	53.7	78.8	58.7
1951	77.8	82.8	73.2	(NA)	(NA)	76.5	81.5	86.1	75.8	54.0	56.3	85.9	51.8
1952	79.5	84.3	76.2	(NA)	(NA)	78.0	82.6	85.3	80.8	57.5	59.3	87.0	64.5
1953	80.1	83.0	80.3	75.0	86.5	81.5	84.2	84.6	82.4	61.3	61.4	85.7	67.3
1954	80.5	82.8	83.2	76.3	87.1	81.2	85.3	84.5	80.3	65.5	63.4	85.9	53.5
1955	80.2	81.6	84.3	77.0	87.3	82.3	87.5	84.1	78.9	67.4	64.8	85.1	70.9
1956	81.4	82.2	85.9	78.3	87.6	85.9	88.4	85.8	80.1	70.0	67.2	85.9	72.7
1957	84.3	84.9	87.5	81.7	90.0	90.3	89.3	87.3	84.7	72.7	69.9	88.6	75.6
1958	86.6	88.5	89.1	83.5	91.3	88.7	92.4	87.5	87.4	76.1	73.2	90.6	78.5
1959	87.3	87.1	90.4	84.4	91.3	89.8	94.7	88.2	91.1	78.3	76.4	90.7	80.8
1960	88.7	88.0	91.7	86.3	91.8	89.2	98.6	89.6	90.6	81.0	79.1	91.5	83.5
1961	89.6	89.1	92.9	86.9	92.3	91.0	99.4	90.4	91.3	84.6	81.4	92.0	85.2
1962	90.6	89.9	94.0	87.9	93.2	91.5	99.4	90.9	93.0	87.4	83.5	92.8	86.9
1963	91.7	91.2	95.0	89.0	94.2	93.2	99.4	91.9	93.4	88.5	85.6	93.6	88.5
1964	92.9	92.4	95.9	90.8	95.7	92.7	99.4	92.7	94.7	90.1	87.3	94.6	90.2
1965	94.5	94.4	96.9	92.7	97.0	94.6	99.4	93.7	96.3	91.9	89.5	95.7	92.2
1966	97.2	99.1	98.2	95.3	98.6	97.0	99.6	96.1	97.5	95.2	93.4	98.2	95.8
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.2	103.6	102.4	105.7	102.8	103.1	100.9	105.4	103.0	104.6	106.1	103.7	105.2
1969	109.8	108.9	105.7	116.0	109.5	105.6	102.8	111.5	106.5	112.7	113.4	108.4	112.5
1970	116.3	114.9	110.1	128.5	118.3	110.1	107.3	116.1	111.1	128.5	120.6	113.5	121.6
1971	121.3	118.4	115.2	133.7	124.8	117.5	114.7	119.8	116.6	137.7	128.4	117.4	128.4
1972	125.3	123.5	119.2	140.1	130.0	118.5	120.5	122.3	117.5	143.4	132.5	120.9	133.3
1973	133.1	141.4	124.3	146.7	132.7	136.0	126.4	126.8	121.5	144.8	137.7	129.9	139.1
1974	147.7	161.7	130.6	163.2	142.7	214.6	145.8	136.2	136.6	148.0	150.5	145.5	152.1
1975	161.2	175.4	137.3	181.7	160.3	235.3	169.6	142.3	149.8	158.6	168.6	158.4	166.6
1976	170.5	180.8	144.7	191.7	168.4	250.8	189.0	147.6	164.6	174.2	184.7	165.2	180.4
1977	181.5	192.2	153.5	204.9	179.5	283.4	213.4	154.2	176.6	182.4	202.4	174.7	194.3
1978	195.4	211.4	164.0	227.2	195.7	298.3	232.6	159.6	165.0	187.8	219.4	187.1	210.9
1979	217.4	234.5	176.0	262.4	223.1	403.1	257.8	166.6	212.3	200.3	239.7	208.4	234.2
1980	246.8	254.6	191.6	314.0	254.3	556.0	301.8	178.4	249.2	251.6	265.9	233.9	270.3
1981	272.4	274.6	208.2	352.7	267.7	675.9	345.9	186.9	277.5	312.0	294.5	253.8	305.7
1982	289.1	285.7	224.0	376.8	281.6	667.9	393.8	191.8	287.5	346.0	328.7	263.8	333.3
1983	298.4	291.7	236.9	(NA)	(NA)	628.0	428.7	195.5	293.9	362.6	357.3	271.5	344.9
1984, June	310.7	302.0	248.4	(NA)	(NA)	646.0	450.6	197.4	308.1	385.2	378.0	280.6	351.9

NA Not available. [1] Includes bottled gas.

Source: U.S. Bureau of Labor Statistics, *Monthly Labor Review* and *Handbook of Labor Statistics*, annual.

Exhibit F

NO. 790. CONSUMER PRICE INDEXES—ANNUAL PERCENT CHANGE IN MAJOR GROUPS: 1971 TO 1984

[See headnote, table 789. See also table 791 for base figures. Minus sign (−) indicates decrease]

ALL ITEMS	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984[1]
All items	4.3	3.3	6.2	11.0	9.1	5.8	6.5	7.7	11.3	13.5	10.4	6.1	3.2	4.2
Food	3.0	4.3	14.5	14.4	8.5	3.1	6.3	10.0	10.9	8.6	7.9	4.0	2.1	3.4
Housing:														
Rent, residential	4.6	3.5	4.3	5.1	5.1	5.4	6.1	6.8	7.3	8.9	8.7	7.6	5.8	5.3
Home ownership	4.1	4.8	4.7	11.3	11.3	5.6	6.9	10.9	15.5	19.7	12.3	6.8	(NA)	(NA)
Home purchase	5.5	4.2	2.1	7.5	12.3	5.1	6.6	9.8	13.4	14.0	5.3	5.2	(NA)	(NA)
Mortgage interest	−8.9	−2.4	4.9	13.8	1.4	−.8	−1.7	5.9	12.7	18.6	16.2	3.4	(NA)	(NA)
Fuel oil and coal[2]	6.7	.9	14.6	57.8	9.7	6.6	13.0	5.3	35.1	37.9	21.6	−1.2	−6.0	4.2
Gas and electricity	6.9	5.1	4.9	15.3	16.3	11.4	12.9	9.0	10.8	17.1	14.6	13.8	8.9	3.0
Apparel and upkeep	3.2	2.1	3.7	7.4	4.5	3.7	4.5	3.5	4.4	7.1	4.8	2.6	2.5	9
Private transportation	5.0	.8	3.4	12.4	9.7	9.9	7.3	4.8	14.8	17.4	11.4	3.6	2.2	4.9
Automobiles, new	4.1	−.9	.1	5.8	8.6	6.3	5.3	7.6	7.9	8.0	6.1	3.8	2.5	2.8
Gasoline	.7	1.2	9.8	35.4	6.8	4.2	5.8	4.3	35.3	39.0	11.3	−5.3	−3.3	−2.9
Auto insurance rates	11.4	−.4	−1.8	.1	5.6	28.8	12.0	2.9	5.6	8.2	4.7	6.4	9.8	7.7
Public transportation	7.2	4.1	1.0	2.2	7.2	9.8	4.7	3.0	6.7	25.6	24.0	10.9	4.8	6.6
Intercity bus fare	12.1	5.6	4.0	10.5	15.5	5.9	13.5	7.5	8.2	14.3	14.4	8.5	9.1	5.5
Medical care	6.5	3.2	3.9	9.3	12.0	9.5	9.6	8.4	9.3	10.9	10.8	11.6	8.7	6.4
Entertainment	5.3	2.9	2.8	7.5	8.9	5.0	4.9	5.3	6.7	8.9	7.8	6.5	4.3	3.7
Personal care	3.2	2.6	4.5	9.7	9.8	6.5	6.5	6.5	7.6	8.8	8.9	7.0	5.2	3.7
All services	5.6	3.8	4.4	9.3	9.5	8.3	7.7	8.5	11.0	15.4	13.1	9.0	3.5	5.2
All commodities	3.4	3.0	7.4	12.0	8.9	4.3	5.8	7.1	11.4	12.2	8.4	4.0	2.9	3.3

NA Not available. [1] Change from June 1983 to June 1984. [2] Includes bottled gas.

Source: U.S. Bureau of Labor Statistics, *Monthly Labor Review*

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POSITION PAPER 2

The National American Indian Housing Council offers the attached paper in the interest of identifying the problems associated with the Old Mutual Help Program. These problems evolved over time as a resulting effect of changes within the subsidized housing program.

The impact of the inadvertent changes brought on over time are impacting the program adversely today, necessitating the need to bring these points to light in an attempt to reach reasonable solutions to the problems and to counter accusations directed towards IHA'S at to mismanagement, being financially troubled, etc.

CERTIFICATION

AS THE DULY APPOINTED SECRETARY FOR THE NATIONAL AMERICAN INDIAN HOUSING COUNCIL I HEREBY CERTIFY POSITION PAPER NO. 2 WAS APPROVED 82 FOR AND 0 AGAINST AT THE 1986 ANNUAL CONVENTION IN SPOKANNE, WASHINGTON.

Chairman, Wayne Chico

Coni Wilson
Secretary, Coni Wilson

June 11, 1986
Date

IHA'S AREN'T ALL BAD AS SOME WOULD LEAD US TO BELIEVE!

Financially troubled? Why? This could be why!

Originally, back in the early 1960's when the Low Income Rental Program was provided to IHA's, it was established with specific rents, possibly with minimums and maximums involved. In any event, a family paid a fixed rent for a certain size rental unit, for example, $100.00 for a 3 bedroom home.

Since many Indian families could not afford the fixed rents required for the low income rental program, the Mutual Help Program was developed to provide housing for those families, with a minimum payment required to cover Administration and Insurance on the unit. Originally, the payment was as low as $10.00 for many of the participants. Those families selected for this Old Mutual Help Program, were, by the nature of the intent of the program, the very poorest Indian families.

In the early 1970's, in response to the fact that the rents for assisted housing were increasing to a point beyond the financial ability of low income families, including Indian families, Congress enacted the Brooke Amendment, which placed a cap on a families rent payment at 25% of the household income, with no minimum payment requirement. This meant that many families could actually be credited for a negative rent, as determined by the certification. In the Mutual Help Program, the percent of income for payments was set locally at between 15% to 25%, but there was a minimum payment requirement of at least the cost of Administration plus Insurance costs.

At this point, the role of each program (rental or mutual help) reversed such that the rental program became available for those with low incomes, and the mutual help program was to be provided for those of higher incomes such that they could afford the minimum payment plus the cost of utilities and upkeep. However, no provision was made to account for those Mutual Help families already in the program.

Throughout the '70's, as inflation ate away at the finances of poor Indian families, the burden of the required payment plus utilities and upkeep for those in the Old Mutual Help Program became tremendous, requiring them to make choices on the allocation of minimal funds to housing, food, clothing, transportation, etc. This placed an unfair burden on the family that went unaddressed, except by constant demand from the IHA, for PAYMENT OR ELSE. With such low support levels for these families, the home upkeep became the least addressed of the families necessities, with housing payments running a close second, based on the mercy of the IHA that the family would not be thrown into the street. At this point, the supposed benefit of a subsidized HUD housing unit became an unfair burden on the family, but the family was perceived by HUD officials as a deadbeat, to be evicted in the best interest of the IHA & HUD. Yet the family originally undertook the homeownership program potential in good faith and with the hope of allowing the program to assist in improving the families life style. In effect, however, due to no fault of the family, the IHA or HUD, but rather to the little understood ramifications of the events that took place since the inception of the Old Mutual Help Program, the families lifestyle deteriorated.

Meanwhile, the IHA failed to collect, HUD threatened cutoffs, Congress questioned HUD as to what was going on. From this came the perception that IHA's don't know how to manage and the label of FINANCIALLY TROUBLED.

To date, very little, if anything, has been done to address their problem. With the event of ownership by these Old Mutual Help Program families, the problem can only get worse since no provision has been made to account for the fact that rather than the program having been a boost to the family such that their life style would improve and accomodate homeownerships, the events subsequent to the inception of the program prevent this boost and has left the family without the means to support homeownership including utilities, maintenance, insurance, etc.

Research must be done as soon as possible, in conjunction with congressional hearings if necessary, to resolve these problems. The IHA's should not be held hostage by virtue of the label of financially troubled, for events beyond the concept or control of anyone over the past 15 years. There are ways to address these problems and it should be undertaken as soon as possible in the best interest of all.

PREPARED STATEMENT OF JOHN V. MEYERS

Mr. Chairman and Members of the Senate Select Committee on Indian Affairs. I appreciate the opportunity and am again honored to represent the Department of Housing and Urban Development before your Committee.

Before I discuss the Department's Fiscal Year 1988 budget, let me provide perspective on HUD's Indian housing programs.

Since I testified before your Committee last year, the Department and Indian Housing Authorities (IHAs) have made important strides to improve the Indian housing delivery system. These accomplishments were made possible because of the excellent cooperation from, and diligent efforts by, the IHAs and tribal leaders in the Indian and Alaska Native Communities.

Some of the major Fiscal Year 1986 accomplishments were:

We continued to accelerate construction starts and completions so that standard housing was available sooner for Indian families. The recapture policy instituted in 1985 has been implemented so that taxpayer dollars are not wasted on projects that were never going to be built. However, in FY 1986, we recaptured funds for only 149 units, far less than we originally anticipated. We have worked cooperatively with IHAs to resolve problems affecting timely completion of these projects and to minimize the adverse impact of recapture. Our goal is to build houses. Certainly our recapture policy has revealed weaknesses in the Federal system of developing housing in Indian areas. We continue to work toward removing these obstacles to timely development.

We published a final Indian Preference regulation, effective on March 15, 1987, which will give IHAs the flexibility to select one of three alternative avenues of providing contract preference:

1. the Invitation for Bid method,
2. the Request for Proposal method, and
3. a local option submitted by the tribe for HUD's approval;

We are implementing the Rapid Indian Housing Payments Systems (RIHPS), an automated, cash-management system to provide development payments to IHAs and contractors on a timely and reliable basis and to eliminate excess financing of IHAs. RIHPS guarantees electronic transfer of required funds to the recipient's bank, routinely in 14 days, and in an emergency, in as little as 48 hours. The old system entailed as many as 23 layers of HUD review and used to take up to 120 days. This new system has improved internal HUD accountability -- overall savings are $12 million annually;

We issued a comprehensive handbook for field office monitoring of IHA operations. The Handbook emphasizes remote ADP monitoring using our new Indian Housing Management Information and Retrieval System (MIRS), so that the major portion of the review function can be conducted without the cost of traveling to an IHA. HUD field staff can focus its resources on providing technical assistance to troubled IHAs;

· We left a contract to provide intensive technical assistance to troubled IHAs. The contract will also provide for development of a diagnostic evaluation for the certification of IHA Executive Directors and other Administrators. The National American Indian Housing Council (NAIHC) is the contractor.

> We have also continued financial management training which has helped to stabilize tenant accounts receivable; and

> Finally, with great help from the IHAs, we continued to hold down Indian housing development costs. Over the last six years, costs have been reduced about 24% (from an average of $74,000 per unit in FY 1981 to about $55,921 in FY 1986).

Together with IHAs, we will continue to search for ways to economize on IHA costs without compromising durability and livability, through use of alternative materials and structure types, as well as through streamlined construction processes. have engaged in a special project to test the use of traditional materials. One adobe project at the Gila River IHA in Arizona was built at a cost of less than $52,000 per unit, and appears to have potential as well for tribal economic development in the manufacture of adobe bricks.

Another program innovation permits IHAs which are performing well to develop housing with significantly less HUD oversight. We are proud to report that this procedure has reduced preconstruction processing time by half. Overall, the Department has reduced the Indian housing development pipeline time from fund reservation to occupancy from over 58 months to an average of 36 months.

Now let me address budget matters. The Department's FY 1988 budget proposes an appropriation of $71.5 million for 1000 Indian housing units on a capital cost basis.

The FY 1988 budget also includes $37.2 million in amendment funds for Public and Indian housing. The Indian housing portion of this amendment funding will be sufficient to meet capital expenditures for off-site water and sewer connections, as well as correction of design and construction deficiencies, additional funding needed to reach construction start, litigation, and other high priority needs.

Regarding the Comprehensive Improvement Assistance Program (CIAP) for public and Indian housing, the Administration's budget proposes a program level of $1 billion on a capital cost basis, of which 2 percent, or approximately $20 million, will be available exclusively for Indian housing.

THE TOTAL OBLIGATION LEVEL FOR OPERATING SUBSIDIES IS $1,462,200,000 IN 1988. THIS INCLUDES $1,376,862,000 AS WELL AS A REAPPROPRIATION OF $85,338,000 OF EXCESS FY 1987 FUNDS. HISTORICALLY, ABOUT 2.4 PERCENT OF TOTAL OPERATING FUNDS ARE PROVIDED TO IHAS. HOWEVER THIS PERCENTAGE MAY VARY SINCE THE MAJORITY OF FUNDS ARE FORMULA-DRIVEN.

IN ADDITION, THE 1988 BUDGET PROPOSES $2.45 MILLION TO CONTRACT FOR TECHNICAL ASSISTANCE TO TROUBLED PHAS AND IHAS.

WE WILL ALSO SOON BE ASSIGNING FY 1987 FUNDS TO OUR INDIAN FIELD OFFICES: $153.1 MILLION, ON A CAPITAL COST BASIS, FOR APPROXIMATELY 2,300 UNITS (INCLUDING CARRY-OVER FUNDS); $14.8 MILLION FOR INDIAN HOUSING AMENDMENTS, AND $20 MILLION FOR INDIAN HOUSING MODERNIZATION NEEDS. IHAS THAT MEET THE THRESHOLD CRITERIA IN THE ADMINISTRATIVE CAPABILITIES ASSESSMENT (ACA) WILL BE ELIGIBLE FOR NEW DEVELOPMENT AND CIAP FUNDING.

IN THE NEXT MONTH, WE ANTICIPATE PUBLISHING, FOR COMMENT, A SEPARATE CONSOLIDATED INDIAN HOUSING REGULATION TO ADDRESS UNIQUE INDIAN CONCERNS. FOR THE FIRST TIME, ALL REGULATIONS PERTAINING TO INDIAN HOUSING WILL BE IN ONE PLACE. MANY OF THE REGULATION CHANGES HAVE BEEN RECOMMENDED BY THE SECRETARY'S COMMITTEE ON INDIAN AND ALASKA NATIVE HOUSING. THIS COMMITTEE, WHICH IS COMPOSED OF NATIONAL INDIAN ORGANIZATIONS, AS WELL AS TRIBAL AND IHA OFFICIALS, WAS SET UP IN 1983 TO ADVISE HUD ON INDIAN HOUSING MATTERS.

As I indicated at the outset, we continue to strive to improve the Indian Housing Program. Our goals are to tailor the program to the unique requirements of Indian areas and to strengthen capacity for effective development and management of the housing stock throughout the Indian Housing Program. We will continue in this direction in order to carry out our responsibilities to America's Indian and Alaskan Native population, as well as to the American taxpayer.

This concludes my prepared remarks. I will be happy to answer questions.

PREPARED STATEMENT OF PAULA SCHNEIDER

Mr. Chairman, it is a pleasure to be here today before the Select Committee on Indian Affairs to discuss our plans for counting American Indians and Alaska Natives in the 1990 Census of Population and Housing.

We appreciate your interest in census activities. The census, taken every 10 years, is one of the most important activities conducted by the Federal Government. Census data are used for apportionment of seats in the House of Representatives and for drawing legislative district boundaries; for allocating funds at all levels of government; and for a broad range of social, economic, business, and local planning. The decennial census is unique among statistical activities in that it provides data for small geographic areas and for relatively small population groups.

Census Day will be April 1, 1990, just a little more than 3 years away. We have been involved in intensive planning for the 1990 census for more than 5 years. We have undertaken an ambitious program of consultation with a broad array of data users and we have tested census-taking procedures and questionnaire content items (including race) in a number of areas. In the last few months, we have reached decisions on the broad outlines of our plans for 1990. We are continuing our testing and consultation program this year to refine our procedures.

Census planning efforts will culminate in a series of dress rehearsal censuses next year in which we will conduct a run-through of the procedures we expect to use in 1990. The goal is to make only minor adjustments and refinements to our procedures based on the dress rehearsal experience.

Planning for the census questionnaire content also is nearing completion. By law, we must report to our oversight committees in Congress by April 1 this year on what subjects we plan to cover in 1990. By April 1, 1988, we must report to Congress on what the actual questions will be.

We have an elaborate and creative program in place to assure that we have the most accurate count possible for American Indians and Alaska Natives. Because of the unique relationship between the U.S. government and tribal and Alaska Native village governments, we have worked closely with the tribes and Alaska Native villages in developing our plans.

Today I will report to you on five topics relating to the enumeration of American Indians and Alaska Natives in the 1990 census. These five topics are: (1) our outreach and planning efforts, (2) the tribal liaison program, (3) data available from the census, (4) enumeration procedures and geographic issues, and (5) the local review program.

Outreach and Planning

First, I will discuss outreach and planning. We have actively involved representatives of American Indian and Alaska Native communities in our planning for the 1990 census. One way we have done this is through the formation of a national advisory committee on American Indians and Alaska Natives. For the 1980 census, we had three minority advisory committees representing the Black, Hispanic, and Asian and Pacific Islander populations. In early planning for the 1980 census, representatives of the American Indian population recommended that we concentrate our efforts in a series of regional meetings, rather than in a national census advisory committee. For 1990, representatives of the American Indians and Alaska Natives recommended both approaches, so we worked with the Department of Commerce to establish a fourth minority census advisory committee for the American Indian and Alaska Native populations.

The four committees meet jointly to hear and discuss issues of common interest and concern and then meet separately to consider issues of special interest. They held their first meeting in the spring of 1986, met for the second time in the fall of 1986, and will hold their third meeting this April. The committees were originally chartered to have 9 members each, but the committee charters were revised in September 1986 to expand the membership of each committee to 12.

Although the Census Advisory Committee on the American Indian and Alaska Native populations is an important vehicle for discussing 1990 enumeration plans, we realize that its relatively small size limits its ability to represent the diverse tribal and geographic differences of the American Indian and Alaska Native populations. That is why our series of 12 regional meetings and our tribal liaison program, which I will discuss later, are so important.

From May 1985 to September 1986, we held meetings with tribal representatives in Albuquerque, Phoenix, Seattle, Anchorage, Oklahoma City, Sacramento, San Diego, Nashville, Boston, Minneapolis, Bismarck, and Arlington, Virginia. We discussed general plans and objectives for the 1990 census, population and housing subjects, data products, geographic issues, and outreach. These discussions provided important information for 1990 planning because tribal officials offered suggestions and recommendations about our plans, and informed us about other concerns we should address. Beginning next year, we plan to conduct a second round of meetings to describe more definitive plans for enumerating American Indians and Alaska Natives and to gather momentum for support in our 1990 promotion efforts. We have not yet set the exact dates or locations for these meetings.

In addition to these efforts, we have included American Indian and Alaska Native representatives in a number of special conferences--for example, a meeting last month to discuss questionnaire content and the results of our 1986 National Content Test. Census Bureau staff from headquarters and from our regional offices also have participated in numerous meetings with representatives of the American Indian and Alaska Native communities and governments.

As in 1980, we will have special 1990 census outreach materials for American Indians and Alaska Natives. We will work with agencies that have experience in developing materials for American Indians and Alaska Natives. These materials will convey our basic theme: That the census is important and that it is safe to answer because individual information is kept confidential. We also will tailor our message, as necessary, to be as effective as possible in generating support among American Indians and Alaska Natives.

We have included, whenever possible, American Indian reservations in our sites for test censuses. We included the Choctaw Reservation in our 1986 Census of East Central Mississippi. This year, we are conducting a test census in 10 counties in north central North Dakota, an area that contains the Turtle Mountain and Fort Totten Reservations. Also, as part of our special testing program for the race question, we will conduct focus-group sessions with Alaska Natives. And next year, one of our three dress rehearsal sites--8 counties in eastern Washington--includes the Colville and Spokane Reservations.

Tribal Liaison Program

Next, I will discuss the tribal liaison program. We want to improve the participation of American Indians and Alaska Natives in the 1990 census by increasing their awareness of the importance of the census. To achieve this and other objectives, we will ask each tribe to designate a liaison to serve as the primary contact with the Census Bureau on the 1990 census. The liaisons will provide the tribes with a direct line of communication with the Census Bureau and vice versa.

We tested the tribal liaison program in our 1986 census in Mississippi and it worked quite well. We will use the program again in our 1987 census in North Dakota and in the 1988 dress rehearsal census in Washington.

Letters will go out in the next few weeks asking tribal officials to appoint the 1990 census liaisons. We will suggest that the liaisons be tribal members who live on the reservation or in the village they represent; that they be able to speak the tribal native language, if necessary; and that they be available to serve as liaisons through the 1990 census. We will provide training for the liaisons and various materials they will need.

The liaisons will carry out many important functions. They will advise tribal and village officials about the census process and how the data are collected and used by Federal and state agencies. They will inform the Census Bureau of conditions on the reservation or in the village that may affect the enumeration, such as the need for census interviewers to speak the native language; assist us in the distribution of recruitment and promotion materials; and advise us on the most effective media to use in delivering the census message.

The liaisons also will facilitate the introduction and use of 1990 census school project materials in reservation schools and organize tribal residents to aid in promoting the census. They will refer tribal members for census jobs, assist in obtaining free space for testing and questionnaire assistance, and assist us in the resolution of any problems that might delay the completion of the enumeration.

Data About American Indians and Alaska Natives

Now, I will discuss data from the census for American Indians and Alaska Natives. In the census, we ask 7 questions about every person: name, relationship to householder, age, race, sex, marital status, and Spanish origin. For persons in a sample of households, we ask additional questions, such as income, education, employment, occupation, and veteran status. We ask a few questions about all housing units, such as whether they are owned or rented, home value or rental amount, number of rooms, number of units in structure, and so on. We collect additional data about a sample of the housing units. In 1980, we asked the sample population and housing questions at 1 of every 6 housing units in most of the country, including most American Indian reservations and Alaska Native villages. For incorporated places, minor civil divisions, and counties with an estimated population below 2,500 persons, the sample size was 1 of every 2 housing units.

The census is conducted primarily by self-enumeration, so we count people according to the race they report to us. Persons who are American Indian or Alaska Native are counted based on their answers to the race question, where they can fill separate circles for "American Indian," "Eskimo," or "Aleut." Persons who fill the circle for "American Indian" are asked to print their tribe. In 1980, about 21 percent of the persons who filled the "American Indian" circle did not report their tribe. For 1990, we have been exploring ways to improve the reporting of tribe. Based on advice from the American Indian community, we are testing revised wording of our instructions that ask American Indians to "print the name of the enrolled or principal tribe."

We provide data for American Indians and Alaska Natives for the whole country, regardless of where they live. We also summarize and present data specifically for reservations, other American Indian areas, and Alaska Native villages.

The 1990 census data for American Indians and Alaska Natives will be available in several printed reports and on computer tapes, as well as through other media, such as microfiche. The amount of population and housing data we provide in printed form for American Indians and Alaska Natives, like that for other race groups, is quite extensive. For 1990, our processing plans will enable us to tabulate the data earlier and to provide most of our data in a more timely manner than in 1980.

Based on recommendations we have heard in our planning meetings, we currently plan to publish data for reservations and for census blocks containing associated tribal trust lands together in our standard products for 1990. In 1980, data for trust lands were available in special tabulations and in a published special report on American Indians and Alaska Natives.

In 1980, we administered a supplementary questionnaire at households on reservations and in the Historic Areas of Oklahoma that contained at least one American Indian, Eskimo, or Aleut. To limit the reporting responsibilities for households that filled the long-form questionnaire, we asked the supplemental questions only at households that had filled the short form. Federal agencies and tribal governments requested the supplemental questionnaire to collect information about the unique living conditions found on many reservations. The supplementary questionnaire contained some questions similar to those on the regular census long-form questionnaire, plus some topics not on the regular questionnaire, such as "year moved to reservation," "place of residence 1 year ago," availability and use of health services, building material of housing unit, and so on.

We are not planning to administer a supplementary questionnaire in 1990. We want to concentrate our resources on improving the basic count of American Indians and Alaska Natives and on improving the quality of the regular census data. We believe we have designed a program that will meet this goal through increased outreach and awareness, the tribal liaison program, improved procedures, and the local review program.

In general, our approach for the 1990 census will be to increase tabulations of data from the regular census questionnaires for American Indians and Alaska Natives, increase the accuracy of those data, and release them earlier. We plan to provide data for reservations, tribal trust lands, other American Indian areas, and Alaska Native villages, as well as American Indians and Alaska Natives who do not live in these areas. We will also code and tabulate data on tribes from the regular sample questionnaire.

Enumeration Procedures and Geographic Issues

The fourth topic I will discuss is enumeration procedures and geographic issues. We will enumerate most of the population of the country (areas containing about 95 percent of the population) by the mail-out/mail-back method. Postal carriers will deliver questionnaires to every housing unit on our address list a few days before Census Day. We ask householders to complete the questionnaires and mail them back to us on Census Day (or as soon thereafter as possible). We will send enumerators door to door to follow up on those housing units for which a questionnaire is not returned.

We will enumerate American Indians and Alaska Natives living in the more urban areas using this method. We also will use this method on most reservations in the East, South, and Midwest.

We will enumerate the households in the balance of the country, containing about 5 percent of the population, but about one half of the Nation's land area, using a door-to-door procedure. We use door-to-door procedures for areas where the sparseness of the population and the distance between housing units make creating a precensus mailing list impractical and costly. The Postal Service will deliver unaddressed questionnaires several days in advance of Census Day, so respondents will have an opportunity to complete the questionnaire before the enumerator visits. Most reservations and trust lands and all Alaska Native villages will be enumerated by the door-to-door method. In the remote areas of Alaska, we will begin the enumeration around March 1 before the spring thaw creates problems in gaining access to certain villages.

Throughout the Nation, we try to hire enumerators who are indigenous to their assigned area. This is not always possible, but it is our goal. It is especially important in American Indian and Alaska Native areas where there may be cultural and language differences. In mail-census areas, we will work with the tribal officials to set up assistance centers where members of the American Indian and Alaska Native communities can get help filling out the census questionnaires.

One of the most important operations in taking the census is the delineation of the geographic areas for which census data will be tabulated and published. We are working closely with tribal officials to get their advice and review of the official boundaries for their areas.

The Bureau of Indian Affairs (BIA) will update and certify the boundaries for Federal reservations and state agencies will certify the boundaries for state reservations. The BIA will identify all tribal trust lands. This represents expansion of the program from the 1980 census when only trust lands with 10 or more acres or 50 or more people were to be identified. In addition, we have asked the BIA to identify individual trust lands. The American Indian reservation boundaries as certified by the BIA and the states will be the official boundaries for the 1990 census. We plan to provide maps to tribal officials so they can review these reservation boundaries and any questions can be resolved with the BIA and the states before the census.

We provided the tribal officials in Oklahoma, where tribes do not live on reservations (except the Osage), an opportunity to delineate their traditional reservation boundaries as statistical areas. We will designate these as "tribal jurisdiction statistical areas," tabulate data for them, and include them in standard census publications so the tribes will have the data early. And, we are working closely with the Alaska Native Regional Corporations (ANRC's) to give them an opportunity to delineate boundaries for Alaska Native villages (which do not have legal boundaries). We will tabulate data for the Alaska Native villages and the ANRC's.

It is important to note that we plan to delineate and provide data for census blocks Nationwide in 1990. Census blocks are bounded on all sides by features such as streets, rivers, railroad tracks, county lines, reservation boundaries, and so on. They are the smallest areas for which census data are tabulated. In the past, we identified blocks only in the more urban areas of the country, and in other areas that contracted with us to provide block data. As part of the expanded program for 1990, we gave officials of the states and reservations the opportunity to identify specific map features as census block boundaries.

If a tribe chose not to participate in this program, we will tabulate data for our standard census blocks.

For the reservations with larger populations, we provided an opportunity for tribal leaders to delineate block numbering areas and block groups--geographic units containing a number of census blocks. We will tabulate data for these units.

Staff in our 12 regional offices have been working closely with tribal officials on all these geographic programs. We believe the result will be data that American Indians and Alaska Natives can use more effectively than ever before.

Local Review Program

The final topic I will discuss is the Local Review Program. First introduced as part of the 1980 census, the local review program gives local officials in approximately 40,000 governmental jurisdictions (including American Indian reservations and Alaska Native villages) an opportunity to review preliminary census counts. The focus of the program is on housing unit counts because most localities maintain and periodically update some type of record system (such as utility hookups and building permits) that identifies most, if not all, of their housing unit inventory. Local officials compare counts from their record systems to the census housing unit counts for the comparable geographic area to determine if there are any major discrepancies that suggest possible coverage problems in the census. If we and the local government identify significant discrepancies, we will send enumerators to recanvass selected areas to look for missed housing units.

One problem we experienced in 1980 was a lack of understanding about how to prepare for and participate in the Local Review Program. We began our contacts with local and tribal officials earlier this time so they would have more time to prepare for local review. The first letter to local and tribal officials announcing the program and asking them to appoint liaisons went out last November. Later this year, we will send the liaisons detailed informational material.

We also plan to conduct training workshops in each state beginning later this year. In most states, we will train census data experts in the state who, in turn, will train the local officials; in other states, we will conduct the training ourselves. In these workshops, we will brief the officials or their liaisons on the Local Review Program--what it is, how it works, how to prepare for it, the kinds of documentation needed to back up claims of discrepant counts, and so on. Training for tribal government officials will be conducted separately because of the unique conditions on some American Indian and Alaska Native lands.

For 1990, we plan to have two phases of review in mail-census areas, similar to our original plans for 1980. In 1980, we cancelled the first phase of the two-phase program because the maps were not ready and because we could not assign a large number of addresses to the correct geographic areas. The improvements in our geographic products, through the implementation of a new automated geographic support system, should prevent a recurrence of these problems in 1990.

In the first phase, conducted about 4 months before Census Day, we will give localities housing unit counts summarized from our precensus address list. In the second phase, conducted near the end of data collection operations, we will provide actual preliminary census housing unit counts for review. In door-to-door areas (including most reservations and Alaska Native villages), where we do not develop an address file before Census Day, only the post-Census Day phase of local review will be possible.

Another significant improvement in the program for 1990 is our plan to provide the local review counts down to the census block level--the smallest geographic level. This will apply to American Indian and Alaska Native areas since we will have census blocks for the entire country. In 1980, we provided counts only at the enumeration district level, the next largest geographic area. This change will allow local officials to determine more precisely where there may be discrepancies in the counts.

Finally, for the 1990 census, we plan to give tribal officials counts for blocks containing tribal trust lands that are associated with their reservations so that they may include these in their review.

Closing

Mr. Chairman, that concludes my discussion about the enumeration of American Indians and Alaska Natives in the 1990 census. To sum up, these areas encompass outreach and awareness, including the new tribal liaison program, questionnaire content and data tabulation planning, enumeration procedures and the delineation of geographic areas, and the local review program.

The 1870 census, the ninth national enumeration, was the first to include a separate category for "Indians" on the census questionnaire. In recent censuses, particularly in 1980, we have improved our counting of this important group of Americans. For example, the 1980 census was the first in which we identified and provided counts for all American Indian reservations and Alaska Native villages. In fact, the 1980 census provided more data for American Indians and Alaska Natives than any previous census. Yet, there are areas where we can improve in 1990.

The census goes back a long way, almost as far back as the Constitution and the Congress. 1990 will mark the 200th anniversary of census-taking in this country. We want the Bicentennial Census to be the best ever--in terms of timeliness, cost-efficiency, and accuracy. To be successful, we must be sure that all groups in the population are covered completely. That is why we are giving so much attention to the enumeration of American Indians and Alaska Natives. We will appreciate any comments or suggestions that you may have on our plans.

PREPARED STATEMENT OF PAUL A. MAYRAND

I am pleased to have this opportunity to appear before you today to discuss the Department of Labor's Fiscal Year 1988 Budget Request for Native American programs.

Native American programs are authorized by Title IV-A of the Job Training Partnership Act (JTPA). The programs are designed to improve the economic well-being of Native American groups such as Indians, Eskimos, Aleuts, and Native Hawaiians through the provision of job training, work experience, and other employment-related services and opportunities that are intended to enable participants to obtain permanent, unsubsidized jobs. The Department of Labor allots funds through formula grants to Indian tribes and other Native American groups, whose eligibility for such grants is established in accordance with JTPA and the Department's implementing regulations for the Act.

Each year the Department awards approximately 190 formula grants to Indian tribes and reservations, Native Alaskan groups, Native Hawaiian groups, and non-profit Indian groups located mainly in urban areas. In addition to this basic grant, most of these same groups also receive funds with which to operate Summer Youth Employment and Training Programs, authorized by Title II-B of JTPA.

Title IV-A Native American programs are funded to operate on a Program Year basis, which runs from July 1 of any given year through June 30 of the following year. At this time we are slightly more than halfway through Program Year 1986, which began on July 1, 1986, and will end this coming June 30. Total funding for Title IV-A Native American programs for Program Year 1986 is $59,567,000. By statute, the amount provided for this program is equal to 3.3 percent of the amount appropriated for Title II-A programs.

Funding for Program Year 1987, which will begin this coming July 1, totals $61,484,000. These funds have already been appropriated. The Administration's Budget Request for Native American programs, which will fund the programs in Program Year 1988, is $58,839,000.

The Summer Youth Employment and Training Program includes a segment for Native American youth. Funding for the 1986 Summer Program for Native Americans was $13.2 million. This summer's funding will be reduced to $11.6 million due to an $88.6 million reduction in total summer youth program funding. The request for the 1988 Summer Program, financed by the program year 1987 appropriation, is $11.8 million. In conjunction with the program year 1988 budget request, legislation is being proposed for a new Aid to Families with Dependent Children (AFDC) youth initiative. This initiative will allow grantees the flexibility to use the new program's funds to provide a year-round program of intensive services to AFDC youth or a traditional summer program for economically disadvantaged youth, or both. The program would be funded at $800 million, of which $14.5 million would go to Native American grantees.

The Committee has expressed an interest in information on participants in Native Americans programs. The last 12-month period for which we have complete data is Program Year 1985, which ended on June 30, 1986. During that period, Title IV-A Native American programs served a total of 31,216 participants. Of the 25,542 participants who terminated from the program during the year, 20,431, or 80 percent, were positive terminations. This means these individuals either entered unsubsidized employment, entered another training course, returned to school fulltime, or otherwise successfully fulfilled the requirements of their participation in JTPA.

Data on personal characteristics are available for participants who terminate from the program in a given year. Briefly, data for Program Year 1985 show:

- Fifty-one percent of the 25,542 terminees were male, and 49 percent were female.
- While a majority of the participants were between the ages of 22 and 44, some 30 percent were age 21 or younger; this represents a conscious commitment of the programs to address the employment and training needs of Native American youth.

- Twenty-seven percent of the participants were school drop-outs.
- Eighteen percent were single heads of households with dependent children.
- Twenty-two percent were welfare recipients.
- Over forty-two percent were long-term unemployed.
- Twenty-four percent of the participants were not in the labor market prior to participation in the program.

As you can see, the programs serve an extremely disadvantaged clientele.

In addition to being served by Title IV-A programs targeted to them, Native Americans also are served by other JTPA programs. For example, the Title III Dislocated Workers program served 1,067 Native Americans during Program Year 1985. And the Title II-A formula grant program, administered by States, served 10,851 Native Americans during the same year. The Summer Youth Employment and Training Program, to which I referred earlier, served 8,744 Native American youth during the summer of 1986.

Finally, I would like to mention several youth initiatives that the Department of Labor is undertaking jointly with the Department of Health and Human Services (HHS) that will benefit Native American youth. Through a variety of national level demonstration projects, the Department of Labor is attempting to provide some working models of how JTPA can be part of a comprehensive program of assistance to groups with multifaceted problems. With HHS we are funding 18 pilot programs in different communities in which JTPA is linked to local social service and education agencies to provide comprehensive services to specified target groups. One of the target groups is at-risk youth who either have or are likely to drop out of school. The Oneida Tribe of Indians in Wisconsin is the site of one of these pilot programs. Under the project, adult mentors provide remedial education and employment opportunities to tribal youth to combat the problems of extremely high rates of dropping out of school, substance abuse, and suicide. Another pilot program is being conducted by the Crow Creek Sioux Tribe of Fort Thompson, South Dakota. This program, called "Researching for Education to End Poverty for Indian Teens," uses adult mentors, alternative education, and employability development in a continuum of services designed to promote self-sufficiency among Indian teens.

Mr. Chairman, this concludes my prepared statement. At this time I would be pleased to answer any questions that you or other Committee members may have.

Prepared Statement of David H. Helela
President/Chief Executive Officer
Alu Like, Inc.

Mr. Chairman, Senator Daniel Inouye, members of the Select Committee on Indian Affairs, on behalf of Alu Like, Incorporated, we extend our aloha and appreciation for the opportunity to present testimony before this committee and for the support you have provided Native Americans, particularly Native Hawaiians, over the years.

I am David Helela, President/Chief Executive Officer of Alu Like, Incorporated a private non-profit community-based, statewide organization with over 15,000 members which has as its primary public purpose that of assisting Hawaiian natives to develop economic and social self-sufficiency.
Alu Like, Inc. is over 11 years old and is funded from several sources--including the U. S. Department of Labor, Division of Indian and Native American Programs (DINAP); the U. S. Department of Health and Human Services, Administration for Native Americans (ANA); U. S. Department of Education, Office of Educational Research and Improvements and Office of Vocational and Adult Education; the State of Hawaii; local counties; foundations; and individual contributions.

Based upon Alu Like, Inc.'s employment and training experiences since 1978 as the first Hawaiian grantee nationally and our knowledge of other DINAP grantee success stories, Alu Like strongly supports the efforts of the Department of Labor. The reasons for Alu Like, Inc.'s position is outlined in the following:

1. The Division of Indian and Native American Programs of the Department of Labor is a unique agency with the function of addressing all Native Americans--rural, reservation, non-reservation or urban American Indians, Alaskan natives or Hawaiian natives.
   - o The characteristics of adult participants (Native Americans served through Alu Like, Inc.'s JTPA program during this Program Year 1986 (July 1, 1986 to December 31, 1987) include 1226 below the poverty level and 1,087 unemployed. Participant characteristics for prior JTPA program years (see pages 5, 6, and 7) total 3191 below the poverty level and those that were unemployed totaled 3010. The positive returns on JTPA's investment through Alu Like are many. Some of the positive statistics are noted in Items 2 and 3 of this testimony. Additional statistics regarding youth participants served by Alu Like are also attached. (See Page 13)

2. The Division of Indian and Native American Programs of the Department of Labor has enabled Native American Indians, Alaskan natives and Hawaiian natives to have a primary role in establishing comprehensive training and employment programs for members of those communities.
   - o Since 1978, Alu Like, Inc. has served over 17,000 adults and youth.
   - o With JTPA funding since 1983, Alu Like, Inc. has served over 9,000 adults and youth.

3. The Division of Indian and Native American Programs of the Department of Labor has funded programs that have been essential to the reduction of economic disadvantages among individual members of Native American communities and to the advancement of economic and social development in the communities consistent with their goals and lifestyles.

   - Since 1978, Alu Like, Inc. has trained and employed adults and youth in varied occupations ranging from entry level to mid management/management positions.

   - With JTPA funding, Alu Like, Inc. for the period of:

     October 1, 1983 to June 30, 1984, trained 1,519 adults and 200 youth; placed into employment 75% adults, (higher than the national norm of 58%) at a cost of $1,230 (lower than the national norm of $5,900).

     July 1, 1984 to June 30, 1985, trained 2,173 adults and 732 youth; placed into employment 70% adults, (higher than the national norm of 55%), at a cost of $1,574, (lower than the national norm of $5,704).

July 1, 1985 to June 30, 1986, trained 2,434 adults and 1,165 youth; placed into employment 77% adults, (higher than the national norm of 55%) at a cost of $1,652, (lower than the national norm of $5,704) and at starting wages of $5.01 per hour, (higher than the national norm of $4.91 per hour). See attached graphs.

There is still much to be done with the help of Federal, State, local government and private resources. We ask that you enable Native Americans to continue to address our identified needs with the Assistance of Department of Labor, Division of Indian and Native American Programs.

Mahalo (thank you) for the opportunity to present this testimony.

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                                              ALU LIKE, INC.
     ISLAND CODE: 0              PROGRAM STATUS SUMMARY FROM 10/01/83 TO 06/30/86                              PAGE 2
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                                                                                    -- TERMINATIONS --
                                                                   TOTAL         TOTAL  /  ENTERED EMPL
IV.  PARTICIPANTS PERFORMANCE MEASURES INFORMATION
   A. CHARACTERISTICS OF PARTICIPANTS
        TOTAL                                                       3874            394            248
        SEX
          1. MALE                                                   1739            168            112
          2. FEMALE                                                 2133            226            136
        AGE
          3. 14 - 15                                                   0              0              0
          4. 16 - 21                                                1504            152             97
          5. 22 - 44                                                2204            229            141
          6. 45 AND OVER                                             165             13             10
        EDUCATION
          7. SCHOOL DROPOUT: 8TH GRADE OR LESS                        41              3              0
          8. SCHOOL DROPOUT: 9-12 GRADE (NOT GRAD)                   431             31             17
          9. STUDENT HS OR LESS (IN-SCHOOL YOUTH)                     34              2              1
         10. HIGH SCHOOL GRAD OR EQUIVALENT OR ABOVE                3366            358            230
        PUBLIC ASST. STATUS
         11. RECEIVING AFDC                                          450             49             19
         12. RECEIVING SSI                                            27              0              0
         13. TOTAL RECEIVING PUBLIC ASST.                            603             63             26
        ECONOMIC STATUS
         14. OMB. POV. LEVEL OR 70% OR LESS LLSIL                   3191            325            203
         15. 71% THRU 85% LLSIL                                      117             11              6
         16. 86% THRU 100% LLSIL                                     127             11              8
         17. ABOVE 100% IF LLSIL                                     437             47             31
        ECONOMICALLY DISADVANTAGED                                  3199            326            203
        FAMILY STATUS
         18. SINGLE HEAD OF HOUSEHOLD WITH DEP. CHILD                561             61             30
         19. PARENT IN 2 PARENT FAMILY                               920             77             53
         20. OTHER FAMILY MEMBER                                     513             56             29
         21. NON-DEPENDENT INDIVIDUAL                               1880            200            138
        RACE/ETHNIC GROUP
         22. AMERICAN INDIAN OR ALASKAN NATIVE                        30              3              2
         23. ASIAN OR PACIFIC ISLANDER                              3842            391            246
         24. OTHER                                                     0              0              0
        OTHER BARRIER TO EMPLOYMENT
         25. LIMITED ENGLISH LANGUAGE PROFICIENCY                     15              4              2
         26. HANDICAPPED (ADULT/YOUTH)                               127             17              7
         27. OFFENDER                                                249             27             16
         28. WELFARE                                                 589             65             27
         29. TRANSIENCY (AREA RESIDENT 30 DAYS OR LESS)               71              6              3
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                                              ALU LIKE, INC.
     ISLAND CODE: 0                 PROGRAM STATUS SUMMARY FROM 10/01/83 TO 06/30/86                  PAGE 3
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                                                                              -- TERMINATIONS --
                                                                  TOTAL      TOTAL  /  ENTERED EMPL
          LABOR FORCE STATUS                                      3874        394          248
           30. UNEMPLOYED: LT 15 OR MORE WKS OR PRIOR 26          2008        181          115
           31. NOT IN LABOR FORCE                                  212         21            7
           32. EMPLOYED                                            104         18           14
           33. UNDEREMPLOYED                                       546         90           57
           34. UNEMPLOYED: SHORT TERM 1-14 WKS OF PRIOR 26        1002         84           55

           35. AVERAGE WEEKS PARTICIPATED                                      50           46
      B. EARNINGS AND WAGE DATA
           36. AVERAGE EARNINGS (52 WEEKS PREPROGRAM)             2525.39     2768.41      2948.73
           37. AVERAGE HOURLY WAGE AT TERMINATION                                3.53         5.61
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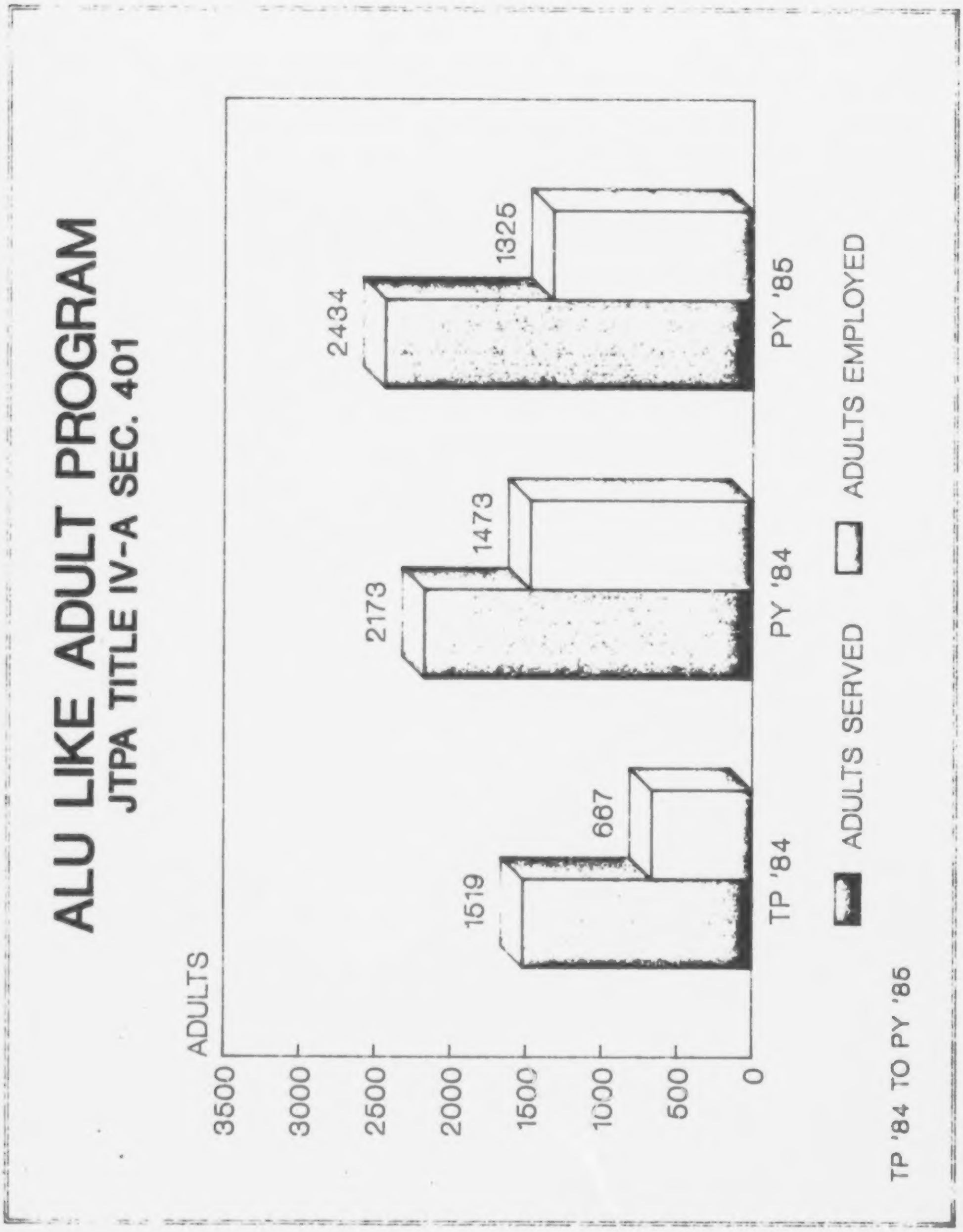
ALU LIKE ADULT PROGRAM
JTPA TITLE IV-A SEC. 401
ADULTS
3500
3000
2500
2000
1500
1000
500
0
1519
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2173
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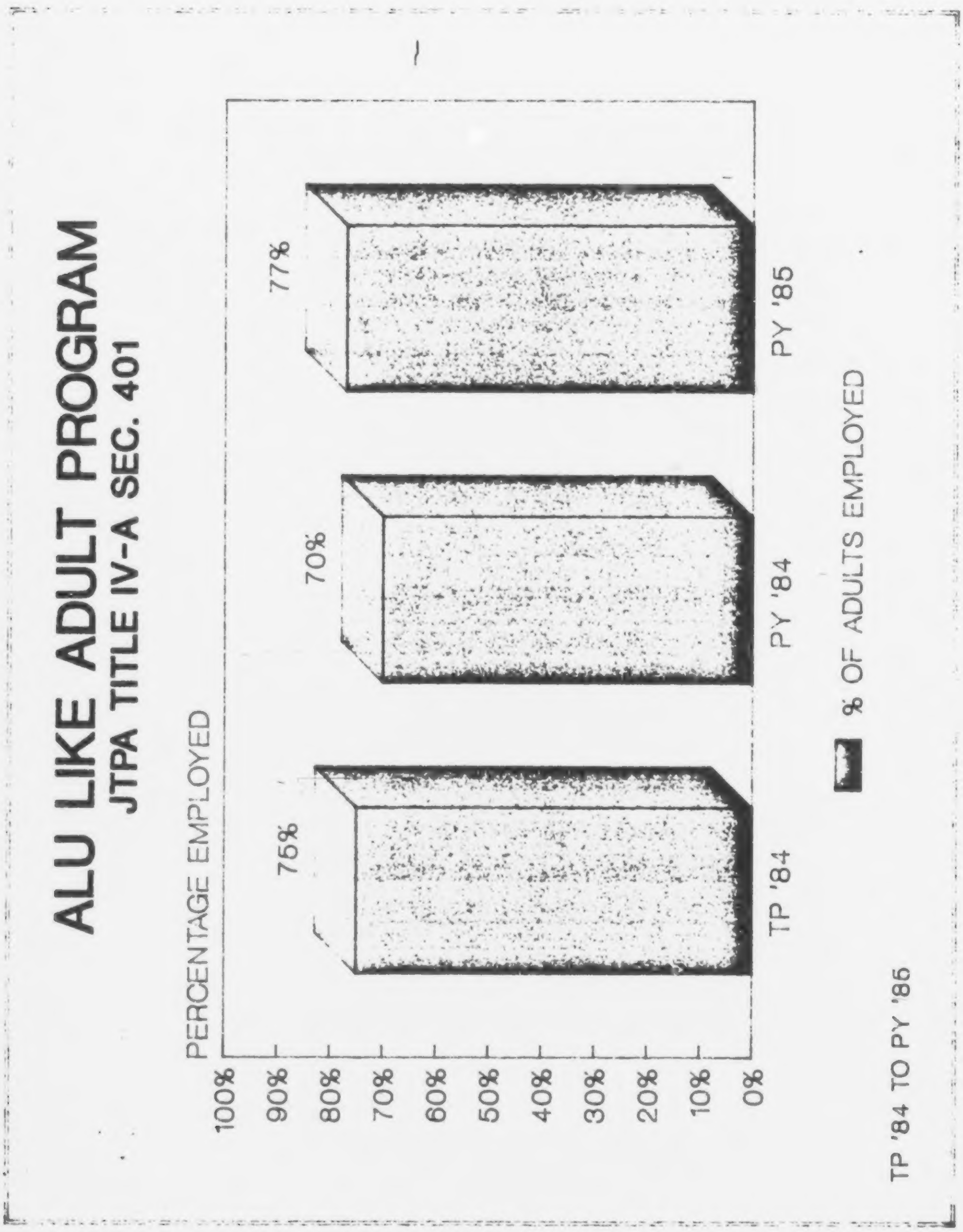
2434
1325
TP '84
PY '84
PY '85
ADULTS SERVED
ADULTS EMPLOYED
TP '84 TO PY '85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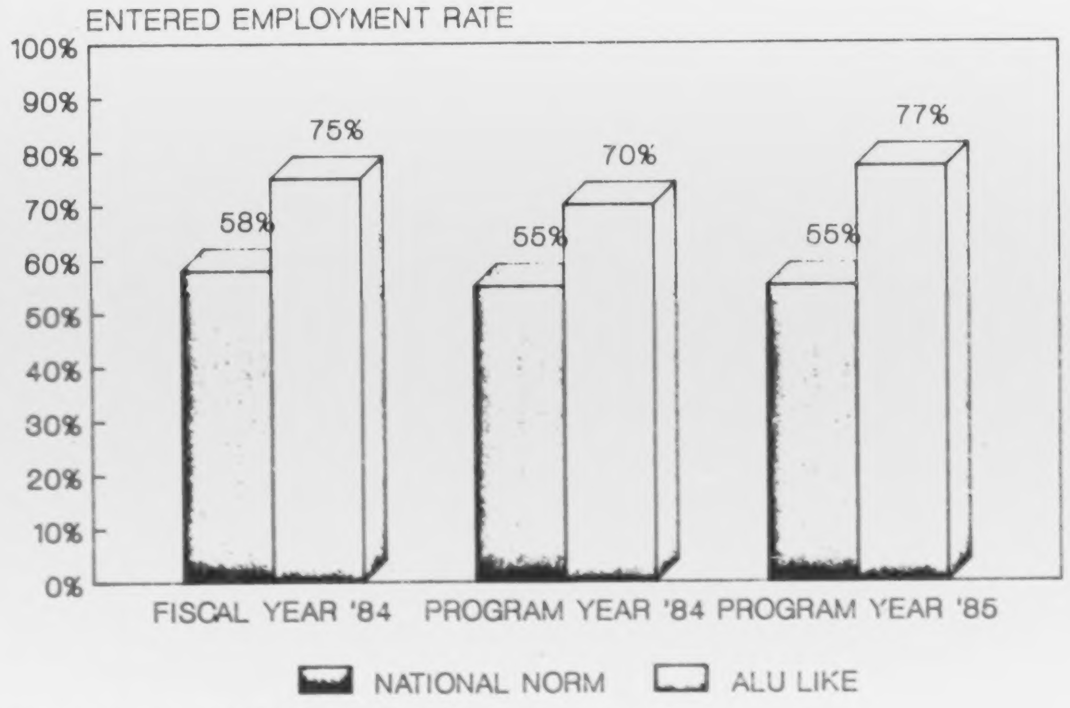
JTPA TITLE IV-A SEC. 401
PERCENTAGE EMPLOYED
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
75%
70%
77%
TP '84
PY '84
PY '85
% OF ADULTS EMPLOYED
TP '84 TO PY '85

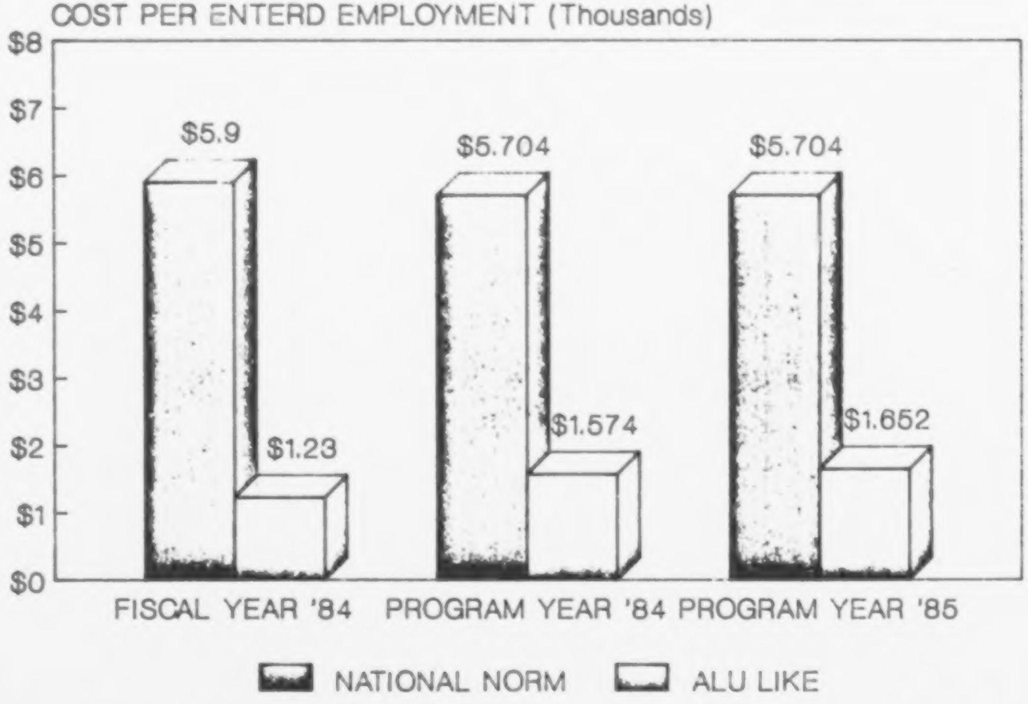
ENTERED EMPLOYMENT RATE COMPARISON

BETWEEN ALU LIKE & JTPA NATIONAL NORM

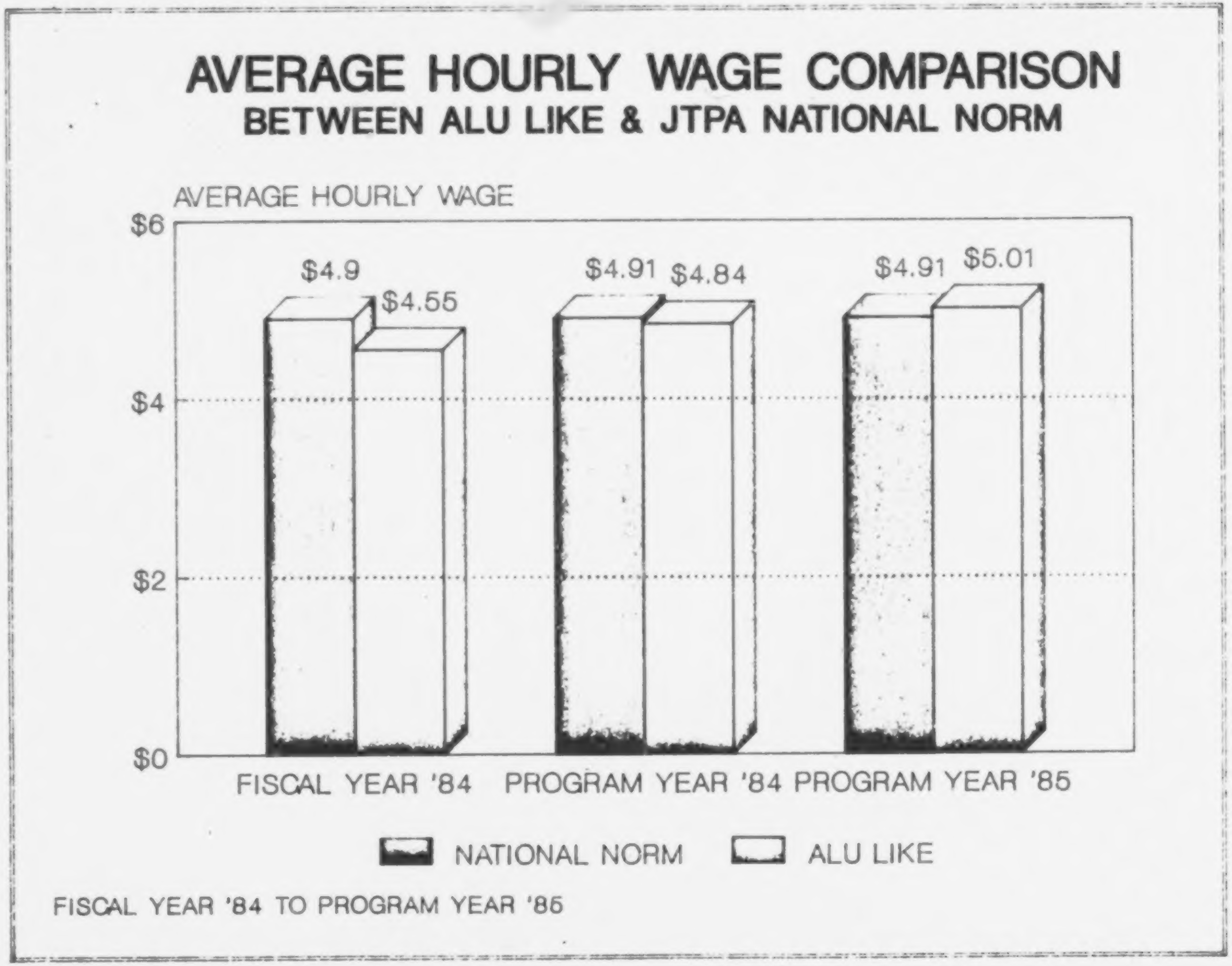


FISCAL YEAR '84 TO PROGRAM YEAR '85

AVERAGE COST COMPARISON
BETWEEN ALU LIKE & JTPA NATIONAL NORM

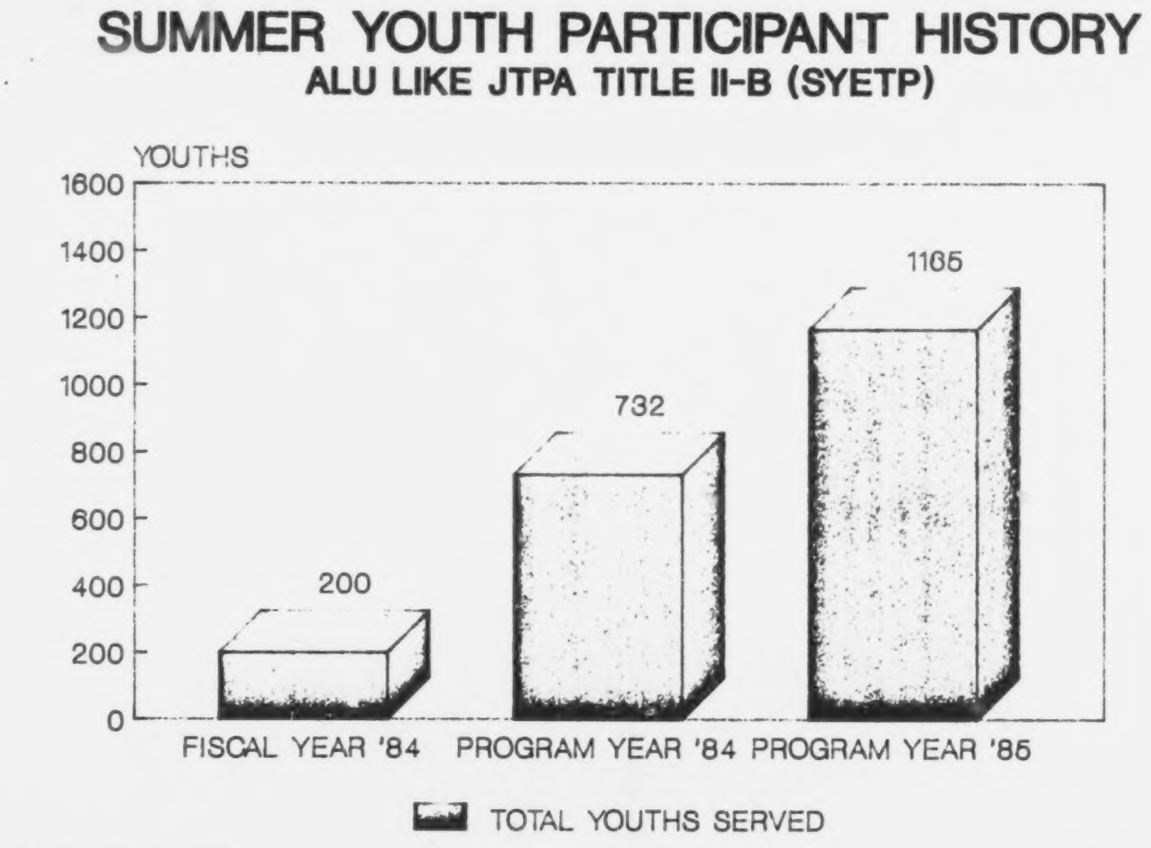


FISCAL YEAR '84 TO PROGRAM YEAR '85



AVERAGE HOURLY WAGE COMPARISON
BETWEEN ALU LIKE & JTPA NATIONAL NORM

FISCAL YEAR '84 TO PROGRAM YEAR '85



SUMMER YOUTH PARTICIPANT HISTORY
ALU LIKE JTPA TITLE II-B (SYETP)

FY '84 TO PY '85

Prepared Statement of
Lorraine P. Edmo
American Indian Scholarships, Inc.
Albuquerque, NM

I want to thank you for the time you have extended to American Indian Scholarships, Inc. (AIS) for presentation of testimony on the proposed 1988 Bureau of Indian Affairs (BIA) budget.

My name is Lorraine Edmo and I have been Executive Director of AIS since January, 1984. AIS is a national not-for-profit Indian education organization which was incorporated in New Mexico in 1971. It was founded in 1969. My organization provides fellowships to American Indian and Alaska Native graduate students so that they may attain a graduate level degree in one of six priority fields of study and other areas. These are: business, engineering, natural resources, health, education and law. I am appearing before your committee to ask your help in restoring a higher level of funding to the Special Higher Education Grant Program for FY 1988.

You may recall that last year, the BIA consolidated its graduate program funding into one program. It had previously funded the Special Scholarship Program in Law for American Indians as well as AIS. In May, 1986, my program was awarded the contract to administer the consolidated graduate program and we are now serving law students. Last year's pre-Gramm-Rudman Hollings funding level for these two programs was $1,939,000. This year, the BIA is requesting an incredibly low-level of $1,500,000 for FY 1988. This request is totally inadequate to meet the needs of Indian and Alaska Native students who receive funding from AIS.

AIS Current Costs and Needs

Our student needs are not currently being met. For this academic year (1986-87) and the summer of 1986, we received a total of 709 applications for funding. The total substantiated need for these students is $2,008,000. For this same period of time we have received $1,467,000 in student support funds from the BIA. Last year, $200,000 of our intended contract funds were given to the previous contractor for student support that had not been budgeted. We currently have an unmet student need of $541,000. (Attached are the current academic year statistics on AIS recipients).

I project that this need will increase for academic year 1987-88 based on the following. Already this year, we have experienced a 130% increase in applications being mailed out; 670 applications for assistance compared to 290 for this same time last year. We anticipate receiving at least 800 applications for scholarships this year.

If we were to fund half of these students, at an average cost of $5,400, their need would be $2,160,000. This figure does not include costs for administration of the program which have been kept at a very low rate by the BIA.

These figures do not allow either for increase in tuition costs for students or for cost-of-living adjustments. A recent congressional study done by the Joint Economic Committee confirms that college costs have nearly tripled in the last ten years. It points out that one-third to one-half of all college students leave school in debt. The new debtor class of public college graduates owe an average of $6,685, and private college graduates owe an average of $8,950. In the last school year, they collectively borrowed $9.8 billion from the federal government - nearly three times what they borrowed ten years ago. The Reagan Administration is proposing this year to cut education programs by 45%. The proposal is to cut the AIS program by 14.3%. The BIA expects us to serve just as many students as we did last year and give them $1,000 less than last year. This will only increase their debt and probably force them to drop out of school altogether. The BIA claims that these students can seek out other sources of aid. I ask, where will these other sources be found? Many schools are not even offering National Direct Student Loans (NDSL) to graduate students. First priority for grants-in-aid at colleges and universities goes to undergraduates. The BIA's plan to cut funding for the Special Higher Education Program is not rational. I am asking your Committee to recommend to Congress that funding for our program be restored to the 1986 pre-Gramm-Rudman-Hollings level of $1,939,000.

We consider our scholarship program to be an investment in training productive Indian citizens who will enhance the quality of life in Indian communities and on Indian reservations. Our alumni are living testimony to the caliber of people we have assisted. With your help, AIS is trying to educate a high profile Indian/Alaska Native citizenry who do contribute to the nation's tax base through increased earning power. We estimate that AIS has 2,000 alumni. We estimate the average alumnus earns at least $22,000 per year and pays about $4,800 a year in federal income taxes. For one year, this represents a total of $9,600,000 in taxes that these AIS recipients are paying into the U.S. treasury. We believe this is a fantastic return on your investments over the past 16 years.

BIA Payback Initiatives

The Assistant Secretary for Indian Affairs, Mr. Ross Swimmer, has recommended a work or payback intiative for fiscal year 1988. We, as a primary BIA contractor, were not consulted on this initiative. While it may have some merit, I have a number of questions regarding the payback provisions. (1) Who will enforce or monitor the payback? Will it be some highly paid bureaucrat in Washington or a group of regional scholarship adminstrators such as those hired by IHS? (2) Will the program require congressional enabling legislation? (3) Does the BIA have a mechanism for collecting money for payback because we are not aware of one? (4) Is there a minimum or maximum amount of time for payback based on the amount of scholarship award that a person received? (5) If the BIA intends to carry out a reduction in force in 1988 how does it plan to hire our graduate students? These are some of the questions we have regarding the payback plan. We want to be consulted on this before it does become a reality.

In summary I am requesting your Committee to recommend to the full Congress an appropriation of $1,939,000 for FY 1988.

This would allow us to continue to fund at least 300 graduate students in Fiscal Year 1988. We feel we have good justification for this request. (1) We have successfully administered the BIA's Graduate Scholarship Program since 1972. (2) We have a low administrative cost rate which has not exceeded 16 per cent in the past three years. (3) We have a proven and reliable mechanism for delivery of scholarship funds to American Indian and Alaska Native graduate students throughout the country and there is no other national Indian program which addresses this need.

I respectfully request your support of this request.

Lorraine P Edmo

Lorraine P. Edmo
Executive Director
American Indian Scholarships, Inc.

AMERICAN INDIAN SCHOLARSHIPS, INC.

Albuquerque, New Mexico

Statistical Report on 1986-87 Fellows

This is a preliminary report on the graduate fellowships AIS has awarded to American Indian and Alaska Native students as of Febraury 26, 1987. The report on the 1986-87 academic year will not be final until July 1987.

Report No. 1: Fields of Study & Degrees. Of the 246 fellows, 24 (or 86%) are pursuing graduate degrees in AIS's priority fields of health, business, education, natural resources, engineering and law.

Fields of Study	Ph.D.:	Masters:	Cert.:	Totals:
A. PRIORITY FIELDS OF STUDY				
1. Health & Related Fields				
Medicine (M.D. & D.C.)	15	-	-	15
Dentistry	4	-	-	4
Public Health	-	10	-	10
Veterinary Medicine	2	-	-	2
Clinical Psychology	1	-	-	1
Other Health Fields	1	9	1	11
				43
2. Business & Related Fields				
Business Administration	-	5	-	5
Public Administration	1	8	-	9
Urban & Regional Planning	-	-	-	0
Other Business Fields	-	2	-	2
				16
3. Natural Resources & Related Fields				
Agricultural Studies	-	-	-	0
4. Engineering & Related Fields				
Architecture	-	-	-	0
Engineering	-	2	-	2
				2
5. Education & Related Fields	18	26	7	51
6. Law & Related Fields				
Juris Doctor (J.D.)	97*	-	-	97
Criminology & Corrections	-	2	-	2
Court Administration	-	-	-	0
				99
Totals:	139	64	8	211

B. ALL OTHER FIELDS OF STUDY	Ph.D.:	Masters:	Cert.:	Totals:
American Indian Studies	1	-	-	1
Anthropology	2	1	-	3
Communication/Journalism	-	2	-	2
English	-	2	-	2
Fine Arts	-	6	-	6
History	-	1	-	1
Languages	-	1	-	1
Museum Studies	-	1	-	1
Political Science	1	-	-	1
Psychology & Counseling	2	3	-	5
Religious Studies	1	5	-	6
Social Science	1	1	-	2
Social Work	-	4	-	4
Totals:	8	27	-0-	35

Grand Totals:

Total Fellowship Recipients = 246

Total Priority Area Fellows = 211 (86%)
Total Other Area Fellows = 35 (14%)

Total Doctorate Fellows = 147 (60%)
Total Masters Fellows = 91 (37%)
Total Certificate Fellows = 8 (3%)

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*Two of the 97 only received fellowships for bar exam support.

Report No. 2: State & Tribal Representation. The Fellows Represent 84 Indian Tribes and Alaska Native Groups From 21 States.

Alaska: 16	
Alaskan Native	16
Arizona: 22	
Hopi	2
Navajo	18
Pima-Maricopa	1
White Mountain Apache	1
California: 5	
Hoopa	1
Pit River	2
Sherwood Valley Pomo	1
Yurok	1
Colorado: 1	
Southern Ute	1
Idaho: 1	
Nez Perce	1
Kansas: 3	
Prarie Band Potawatomi	3
Michigan: 4	
Grand Traverse Band	4
Minnesota: 7	
Leech Lake Chippewa	1
Red Cliff Chippewa	1
Red Lake Chippewa	2
White Earth Chippewa	3
Montana: 17	
Assiniboine & Sioux	2
Blackfeet	10
Chippewa-Cree	1
Gros Ventre & Assiniboine	2
Northern Cheyenne	2
Nebraska: 2	
Omaha	1
Santee Sioux	1
Nevada: 3	
Shoshone-Paiute	1
Te-Moak Western Shoshone	1
Yerington Paiute	1
New Mexico: 19	
Acoma Pueblo	2
Cochiti Pueblo	1
Isleta Pueblo	4
Jemez Pueblo	1
Laguna Pueblo	5
Mescalero Apache	1
San Felipe Pueblo	1
Santa Clara Pueblo	2
Santo Domingo Pueblo	1
Taos Pueblo	1
New York: 6	
Cayuga	2
Onondaga	1
Seneca	2
Tuscarora	1
North Carolina: 1	
Eastern Cherokee	1
North Dakota: 14	
Three Affiliated Tribes	3
Turtle Mountain Chippewa	11
Oklahoma: 59	
Cherokee	10
Cheyenne & Arapaho	4
Chickasaw	1
Choctaw	8
Citizen Band Potawatomi	1
Comanche	4
Creek	13
Fort Sill Apache	1
Kaw	1
Kickapoo	1
Kiowa	4
Osage	4
Oklahoma (cont.)	
Pawnee	2
Ponca	2
Sac & Fox	1
Seneca-Cayuga	1
Wyandotte	1
Oregon: 2	
Umatilla	2
South Dakota: 32	
Cheyenne River Sioux	3
Crow Creek Sioux	4
Oglala Sioux	8
Rosebud Sioux	11
Sisseton-Wahpeton Sioux	3
Standing Rock Sioux	2
Yankton Sioux	1
Washington: 13	
Colville	3
Makah	2
Nooksack	1
Quileute	1
Squaxin Island	1
Upper Skagit	1
Yakima	4
Wisconsin: 16	
Bad River Chippewa	2
Forest County Potawatomi	1
Lac du Flambeau Chippewa	1
Menominee	2
Oneida	8
St. Croix Chippewa	1
Winnebago	1
Wyoming: 3	
Arapahoe & Shoshone	3

Report No. 3.: Colleges & Universities of Attendance. The 246 AIS fellowship receipients are attending 97 colleges and universities in 32 states.

Alaska: 1 Fellow	
University of Alaska/Juneau	1
Arizona: 10 Fellows	
Arizona State University	7
University of Arizona	3
California: 18 Fellows	
Azure Pacific University	1
Calif. St. Univ./Chico	1
Calif. St. Univ./Long Beach	1
Calif. St. Univ./Sacramento	1
Golden Gate Bap. Theo. Sem.	1
Humboldt State University	1
Stanford University	3
Univ. of Calif./Berkeley	3
Univ. of Calif./Davis	1
Univ. of Calif./Irvine	1
Univ. of Calif./Los Angeles	3
Univ. of Calif./Santa Barbara	1
Colorado: 7 Fellows	
Colorado State University	2
University of Colorado	2
University of Colorado/Denver	1
University of Denver	2
Connecticut: 1 Fellow	
Yale University	1
District of Columbia: 7 Fellows	
Antioch School of Law	1
George Washington University	2
Florida: 1 Fellow	
Nova University	1
Georgia: 1 Fellow	
Emory University	1
Hawaii: 2 Fellows	
University of Hawaii/Manoa	2
Idaho: 1 Fellow	
University of Idaho	1
Illinois: 3 Fellows	
John Marshall School of Law	1
Northwestern University	1
University of Illinois	1
Kansas: 5 Fellows	
Kansas State University	2
University of Kansas	2
Washburn University of Topeka	1
Louisiana: 1 Fellow	
University of New Orleans	1
Massachusetts: 10 Fellows	
Harvard University	8
University of Massachusetts	1
Tufts University	1
Michigan: 4 Fellows	
University of Michigan	2
Wayne State University	1
Western Michigan University	1
Minnesota: 10 Fellows	
University of Minnesota	8
William Mitchell College of Law	2
Missouri: 4 Fellows	
Logan Chiropractic College	1
Nazarene Theo. Sem.	1
St. Louis University	1
Webster University	1
Montana: 8 Fellows	
Montana State University	1
Northern Montana College	1
University of Montana	6
Nebraska: 2 Fellows	
University of Nebraska	2
New Mexico: 27 Fellows	
University of New Mexico	27
New York: 7 Fellows	
City Univ. of New York	1
Cornell University	1
Mannes College	1
Syracuse University	2
Union University	1
University of Buffalo	1
North Dakota: 6 Fellows	
North Dakota State University	3
University of North Dakota	3
Oklahoma: 36 Fellows	
Central Okla. St. Univ.	3
Oklahoma City University	4
Oklahoma State University	2
Oral Roberts University	2
Northeastern Oklahoma St. Univ.	4
Southeastern Oklahoma St. Univ.	1
Tulsa University	4
University of Oklahoma	16
Oregon: 9 Fellows	
Lewis & Clark College	3
Portland State University	1
University of Oregon	4
Williamette University	1

Pennsylvania; 2 Fellows
Pennsylvania St. Univ. 1
Temple University 1

South Carolina; 1 Fellow
Univ. of South Carolina 1

South Dakota; 17 Fellows
South Dakota St. Univ. 1
Univ. of South Dakota 16

Tennessee; 1 Fellow
Vanderbilt University 1

Texas; 3 Fellows
Texas A & M University 1
Trinity University 1
University of Texas/Houston ...1

Utah; 7 Fellows
Brigham Young University 1
Southern Utah State College ...1
University of Utah 4
Utah State University 1

Virginia; 1 Fellow
Old Dominion Univ. 1

Washington; 19 Fellows
Eastern Washington Univ. 2
Gonzaga Univ. 1
Heritage College 2
Univ. of Puget Sound 4
Univ. of Washington 7
Western Washington Univ. 2
Whitworth College 1

Wisconsin; 12 Fellows
Keller School of Mgmt. 1
Marquette Univ. 3
Univ. of Wisconsin/Madison 7
Univ. of Wisconsin/Stout 1

Alaska Native Health Board

1135 W. 8th AVENUE, SUITE 2, ANCHORAGE, ALASKA 99501 PHONE (907) 276-8989

Reference #A87-0301

March 2, 1987

Honorable Daniel K. Inouye
Chairman
Select Committee on Indian Affairs
838 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Inouye:

It is the pleasure of the Alaska Native Health Board (ANHB) to respond to your request of the Alaska Federation of Natives, Inc. (AFN) for information about our Medical Center.

The ANHB is the Standing Committee on Health for AFN, and is appreciative of the efforts of AFN for coordinating the gathering of the following information.

Needless to say, it has been a major concern of ours for many years now. And, as the years pass, the signs of rapid decay become more apparent.

By way of explaining our need, a brief discussion of history is appropriate.

In 1947, an American Medical Association team was sent to Alaska to investigate tuberculosis problems among the Native people. The visit confirmed the significance of the problems and the team recommended construction of 1,000 tuberculosis hospital beds with 400 to be located in Anchorage. In 1948, Congress appropriated funds for the 400 bed hospital. The final site was selected and the design began in 1948. Construction was completed in 1953 and the facility opened on December 1st of that year. Initially, the hospital consisted of 189 beds with the additional capacity to expand to 404 beds. At that time, the hospital was the largest building in the Territory of Alaska with 127,574 square feet of floor space.

ALEUTIAN/PRIBILOF ISLAND ASSOC., INC.
BRISTOL BAY AREA HEALTH CORPORATION
COOK INLET NATIVE ASSOCIATION
COPPER RIVER NATIVE ASSOCIATION

KODIAK AREA NATIVE ASSOCIATION
MANIILAQ ASSOCIATION
THE NORTH PACIFIC RIM
NORTH SLOPE BOROUGH HEALTH CORP

NORTON SOUND HEALTH CORPORATION
SOUTHEAST ALASKA REGIONAL HEALTH CORP
TANANA CHIEFS CONFERENCE
YUKON - KUSKOKWIM HEALTH CORPORATION

Today, the configuation of the Alaska Native Medical Center (ANMC) includes 112 general medical and surgical beds, 6 level II neonatal intensive care beds, 31 pediatric beds, 12 obstetrical beds and 9 intensive care beds for a total of 170 beds. In addition to the 37,501 patient days of service provided in 1985, the facility was utiliied for nearly 100,000 outpatient visits. A brief summary of workload statistics for fiscal year 1985 is shown below.

Admissions	4,813
Patient Days	37,501
Facility Beds	170
Deliveries/Births	818
Surgical Procedures	3,220
Newborn Patient Days	2,287
Emergency Visits	2,088
Outpatient Visits	99,677
Primary Care Provider Visits	84,573
Dental Team Service Minutes	787,500
Inpatient Radiology Exams	8,119
Outpatient Radiology Exams	12,705
Respiratory Therapy Treatments	30,126

One of the obvious conclusions to be drawn from this data, Senator Inouye, is that a facility which was constructed nearly 35 years ago for inpatient care of tuberculosis patients is now being used for a much different purpose. The evolution of the hospital to its current function has involved many major alterations and the addition of "temporary" buildings on the hospital grounds. In 1979, a study was commissioned by the Cook Inlet Native Association to "...assist the Alaska Native people in determining the future of the Alaska Native Medical Center." The study was titled "The Alaska Native Medical Center Facility Feasibility Study" and the following excerpts summarize some of the deficiencies which still exist, and in some cases, are even worse today.

STRUCTURAL

"Our analysis indicates that the ANMC building as it stands would not conform to current structural code requirements--particularly those related to earthquake design--for new facilities." (The existing building design was based on the requirements of the 1946 Uniform Building Code.)

MECHANICAL/ELECTRICAL

"Our analysis indicates that the current building's mechanical system does not conform to code requirements for new buildings because the majority of the facility lacks the required ventilation and air conditioning systems needed to provide the minimum environmental requirements mandated by DHEW. Further, the existing steam/hot water and plumbing sytems--although not necessarily non-code conforming--are suffering corrosion and clogging problems symptomatic of systems of their age.

The electrical system--exclusive of the renovated areas of the hospital--is not in conformance with code with respect to: the number and type of receptacles, grounding, and communicartion systems."

LIFE SAFETY

"...the existing ANMC building is typical of facilities built during the same time period with respect to conformity to current Life Safety Codes. The facility has multiple nonconforming conditions and practices, including:

- Improperly latched and operated doors and exits of inappropriate materials and hardware, together with poor signage and improper pedestrian protection.
- Stairs and hallways with improper handrails and storage.
- Attached buildings of a dissimlar construction type without adequate fire protection for the main ANMC building.

These conditions considered individually are generally not significant. In aggregate, however, the nonconforming conditions are significant since any future addition to the existing space would have to be physically separated from the nonconforming areas by code conforming fire resistive walls and doors. Moreover, any significant remodeling of individual nonconforming areas would, by code, have to include corrections of the identified problems."

SITE SOIL CONDITIONS

"The high bluff upon which ANMC rsts has been the site of at least two major landslides within the past 80 years. The most recent slide, which was triggered by the 1964 Good Friday Earthquake, destroyed a large portion of the ANMC parking area and carved a steep escarpment within 100 feet of the Center's East Wing. Post-earthquake soil studies show that the site is underlain with a soft clay which is now famous through its association with earthquake induced landslides in the Anchorage area. A site stabilization project, developed in 1964 but never undertaken, proposes the erection of a large earthern buttress against the slide-prone bluff. Without such buttressing, the ANMC site is a high risk to be damaged again by landslides."

BUILDING LAYOUT/CIRCULATION

"The circulation system within the ANMC is:

- Not sufficiently simple to use.
- Offers little variety of environment.

More significantly, the system contains conflicts of commerce flows in that:

- All traffic flows use the same main entrance on the same heavily trafficed floor which provides few amenities.
- Clean and soiled material flows are mixed with all traffic types.
- Outpatient flows are heavily mixed with inpatient traffic in some areas." (Another study, completed in 1980, recommended the addition of 100,000 square feet, just to accomodate outpatient services.)

Well, that's the story, Senator, you can see that discussions concerning a replacement for ANMC were a natural result of its age, its condition, and its change in function to a true medical center and referral hospital for other Indian Helath Service hospitals in Alaska. Although informal planning for a new facility began as early as the mid 1970's, it was not until the early 1980's that the preparation of formal planning documents was initiated, resulting in the completion of a Program Information Document in 1982. The appropriation of $2,000,000 by Congress in fiscal year 1983 revitalized the planning process and both a Program Justification Document (PJD) and an accompanying Program of Requirements (POR) were completed in February of 1987. An additional $4,500,000 was appropriated last year to begin design work, after approval of both the PJD and POR. This approval is expected yet this spring.

Major deficiencies in the existing facility remain much the same as those described in the 1979 study and are described in the PJD as follows:

"The present Alaska Native Medical Center was completed in 1953. It was designed as a tuberculosis facility. The facility suffers from four critical problems:

> "The Alaska Native Medical Center is located on top of an 80-foot-high ridge at a ground surface elevation of about 115 feet. A major landslide occurred on the hillside about 100 feet from the hospital during the 1964 Good Friday Earthquake. It was concluded in a study of the 1964 slide

> that a future large earthquake could cause additional ground movement that would jeopardize the safety of the hospital." (Land Stabilization Study, Shannon and Wilson, Inc., 1983).
>
> The building is nearing the end of its useful life as an acute care hospital as maintenance and repair become increasingly expensive.
>
> It is difficult to accommodate modern medical technologies in the building, which was built for the lower acuity care delivered in the 1950's.
>
> ANMC has outgrown the existing facilities. Many departments must be located in temporary modular buildings, and many other departments are exceedingly cramped in their existing space.

The facility problems at ANMC have been confirmed by internal IHS surveys, which place it at the top of the list of facilities to be replaced."

The current planning documents, although not official until formally approved, contain an executive summary which describes the proposed facility. This summary is contained on the following appendix pages. Also attached, Senator, is a series of pictures depicting some of the problem areas within the existing building.

Senator Inouye, thank you for the opportunity to provide you with this material. Should you require further information, please contact us.

With warmest regards,

ALASKA NATIVE HEALTH BOARD, INC.

Kenneth R Charlie
Kenneth B. Charlie
Chairman

ASSOCIATION OF REGIONAL HEALTH DIRECTORS

George Peratrovich
George Peratrovich
Chairman

ALASKA FEDERATION OF NATIVES, INC.

Janie Leask
Janie Leask
President

Enclosures

cc: Gerald Ivey, IHS   Robert Singyke, Director, AANHS
Lloyd B. Miller, Law Offices of Sonosky, Chambers & Sachse

NCC-OCT-891-86

RESOLUTION OF THE BOARD OF REGENTS
NAVAJO COMMUNITY COLLEGE

Approving The Funding Formula For Navajo Community College For Requesting The Navajo Tribal Council To Adopt The Funding Formula In Determining The Annual Tribal Appropriation For Navajo Community College.

WHEREAS:

1. The Board of Regents of Navajo Community College is responsible for the development of policy and College operation as stated in Advisory Committee Resolution ACO-90-79 approving the College Revised Plan of Operation; and

2. Navajo Community College was established by Resolutions CJY-87-68 and CN-95-68; and

3. Established Education Policy of the Navajo Tribal Council through Resolution CN-61-84 affirms its long term commitment for adequate financial support of Navajo Community College; and

4. The Federal government is the primary source of financial support for Navajo Community College since its inception; and

5. Though the Navajo Tribe has become the secondary source of financial support for Navajo Community College, the funding level has fluctuated with revenue changes and lack of a determinant for funding; and

6. Navajo Tribal Administration requested the development of a formula funding based on educational needs of the College; and

7. The attached funding formula incorporates the educational needs of the College, allows for adjustment as needed, and more importantly, it provides for adequate and stable financial support for the College from the Navajo Tribe; and

8. The College Administration and the RAM Enterprises, Ltd., a consulting firm from Phoenix, Arizona, worked on the Funding Formula for several months and recommends its adoption.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Regents of Navajo Community College hereby approves and adopts the Funding Formula, attached hereto, based on the educational needs of Navajo Community College that shall be used in developing the College's annual budget.

2. The Board of Regents of Navajo Community College hereby requests the Navajo Tribal Council to adopt the Funding Formula based

on educational needs of Navajo Community College, attached hereto, in determining the annual Tribal appropriation for Navajo Community College.

3. The Board of Regents further directs the Administration to work with the Navajo Tribe's Tax Commission to identify a source of revenue which could be earmarked for Navajo Community College in the implementation of the Funding Formula.

4. The President of Navajo Community College is hereby authorized, directed and empowered to do all things necessary to effectuate the purpose of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was considered by the Board of Regents of Navajo Community College at a duly called meeting at Shiprock, New Mexico, at which a quorum was present and that same was passed by a vote of 8 in favor and 0 opposed and 0 abstaining, this 3rd day of October, 1986.

Guy Gorman Sr.

Mr. Guy Gorman, Sr., President
Board of Regents
Navajo Community College

NAVAJO COMMUNITY COLLEGE

1986/1987 FORMULA FUNDING PROJECTIONS

PREFACE

- NATURE OF A BUDGET

  A budget is merely an estimate of revenue and expenditures for a specific fiscal period. HOWEVER, a budget is perhaps the most important single document of any organization because the budget becomes an "approved" document which must be followed as approved. If the document is not carefully constructed, based upon the needs of the organization, there is little chance of carrying out the mission.

- BUDGET MESSAGE AND CALENDAR

  A statement or message should precede the presentation of a budget. This statement should include the program objectives to be achieved during the fiscal period covered by the proposed budget. These objectives are the reasons for requesting funding, expressed simply, but succinctly, so that the approval body can easily understand the need for resources.

- PROPOSED SYSTEM

  - BACKGROUND INFORMATION

    Much research and implementation has taken place over many years in order to determine a budget system which will be responsive to the needs of any organization; will be easily understood; will be easily compiled and administered; and will be capable of being evaluated. Obviously, with so many educational institutions in the United States, many different systems have been devised. Influences upon these developments include political, socio-economic, and, of course, fiscal restraints.

  - FORMULA FUNDING

    Systems of formula funding have become the most used because formula funding does come closest to meeting the needs of a budget system as expressed above. FORMULA FUNDING, in its simplest form, is a system of:

    - Ascertaining realistic costs of the "Basic" educational program

      Ascertaining additional costs for programs which, by their nature, are significantly higher

        Developmental Education
        Vocational/Technical Education
        Handicapped/Vocational Education
        Community Services

- Ascertaining additional costs for other programs

    Adult (Continuing) Education
    Summer School

- Ascertaining costs to maintain and operate the physical plant in order to cause a proper educational environment

- Ascertaining capital expenditure needs including

    Initial construction
    Annual furniture and equipment
    Capital projects
    Special projects

- APPLICATION

  After ascertaining financial needs, a formula is computed based generally upon costs per full-time student. These per student costs become basic allocations used to compute annual dollar needs to implement approved programs. Exceptions to the full-time student allocation are these:

  - MAINTENANCE AND OPERATION OF PHYSICAL PLANT

  - CHANGES IN MODE OF OPERATION

  - CAPITAL PROJECTS

  - EXPERIMENTAL PROGRAMS

  - AUXILIARY ENTERPRISES

- LIMITATIONS

  - FORMULA FUNDING SYSTEMS

    Formula funding systems do not, in themselves, answer all needs. Such systems do provide for "normal", year-to-year circumstances and do provide a solid base-funding system. BUILT-IN ADJUSTMENTS and PROVISIONS FOR "SPECIAL" and "ONE-TIME" NEEDS must be provided to make such a system completely responsive.

- CONCLUSIONS

  - To base proposed appropriations for a formula budgeting system upon current and historical data might be detrimental to the college because the present system was not designed to generate information in the form necessary to determine specific costs.

- To expend the time necessary to bring current and past financial data into useable form would be prohibitive.

  THEREFORE, since it is imperative to the college that a system be proposed and implemented as soon as possible, another approach becomes necessary.

- PROPOSED APPROACH

  - To utilize cost data accumulated in other community colleges as a base.
  - To adjust the base data to take into consideration the size, remoteness, and the uniqueness of Navajo Community College.
  - To propose the formula budgeting system (based upon above two points) with the stipulations that the recordkeeping systems will be adjusted to the extent necessary to enable pertinent cost data to be computer generated and that the cost data will be analyzed at the end of each of three consecutive years as a basis for recommending changes in the initial system.

I. NAVAJO STUDENT COUNT

Although I realize the federal revenue is based upon NSC only, I have proposed that the budget submitted to the Budget and Finance Committee be constructed upon the following philosophical points:

- Total commitment to NCC from Tribal Council
- Budgetary needs to be determined by cost of educational offerings within college mission and submitted in the form of formula budgeting
- All sources of revenue to be totaled, subtracted from total budgetary needs, with the Tribal Council contributing the difference necessary to implement the programs.

JUSTIFICATION - The cost of opening the doors and implementing the college programs for a fiscal year can be determined. The Tribal Council should be committed to supplementing the sum of all other sources subtracted from the total need. It costs the college a determinable amount of money to enroll and educate a non-Navajo Indian student or a non-Indian student just the same as it does to enroll and to educate a Navajo student. If it is determined that this portion of the proposal is unacceptable, the system can still be utilized by assessing a proportionately higher tuition upon non-Navajo students.

II. GROSS STUDENT CREDIT HOUR COUNT

The total college semester credit units divided by twelve should always be utilized in determining FTE for all college trans-

B. SECOND LEVEL ALTERNATIVE FORMULA

CATEGORY I - BASIC ALLOCATIONS		
- 1130 FTE x $3846/FTE	$4,346,800	
- Plant M & O - 564,000 SF x $3/SF	$1,692,000	
- Annual Capital Approp. - 1430 FTE x $250/FTE	$ 375,500	
TOTAL CATEGORY I		$6,414,300
CATEGORY II		
- Summer School Approp. - 300 FTE x $700/FTE	$ 210,000	
- Mandatory Transfers -	$ 564,000	
- Auxilliary Enterprises -	$1,200,000	
TOTAL CATEGORY II		$1,974,000
CATEGORY III		
- Capital Improvement Project(s)		-0-
GRAND TOTAL - BUDGETARY NEEDS		$8,388,300

C. FORMULA SYSTEM RECOMMENDED:

1. STUDENT COUNTS FOR FY '87 -

TSAILLE Campus	490 FTE	
Shiprock Campus	280 FTE	
Community Centers	360 FTE	1130 FTE
Summer School		300 FTE
TOTAL		1430 FTE

Developmental Education -	358 FTE
Vocational/Technical Ed. -	90 FTE
Special/Handicapped Ed. -	10 FTE

2. FORMULA ALLOCATIONS - FY 1986/87

a. Plant Maint. & Operational Allocation	$3.00/SF
b. Basic Education Appropriation -	$3,235/FTE
c. Supplemental Appropriations	
(1) Dev. Ed.	$1,500/FTE
(2) Voc./Tech. Ed.	$ 600/FTE
(3) Special/Handicapped Ed.	$ /FTE*
d. Annual Capital Appropriation	$ 250/FTE
3. Summer School Appropriation -	$ 700/FTE

---

* To be determined

NAVAJO COMMUNITY COLLEGE - FY 1986/87

3. BUDGETARY COMPUTATION - FORMULA FUNDING

				Categorical Comparison With Current Year
CATEGORY I				
- Basic Educ. Appropriation 1130 FTE x $3235/FTE		$3,655,800		
- Supplemental Appropriations				
DEV/ED - 358 FTE x $1500/FTE	537,000			
VOC/TECH - 90 FTE x $600/FTE	54,000			
HAND/DIS - 10 FTE x $___/FTE*	______	591,000		
- Community Services		100,000		
- Plant Maint. & Op. 564,000 SF x $3/SF		1,692,000		
- Annual Capital Approp. - 1430 FTE x $250 FTE		375,500		
TOTAL - CATEGORY I			$6,414,300	(______)
CATEGORY II				
- Summer School Appropriation 300 FTS x $700/FTE		210,000		
- Mandatory Transfers		564,000		
- Auxiliary Enterprises		1,200,000		
TOTAL CATEGORY II			$1,974,000	(______)
CATEGORY III				
- Capital Improvement Project(s)		-0-		
- Special Projects		-0-		
TOTAL CATEGORY III			-0-	(______)
GRAND TOTAL - BUDGETARY NEEDS			$3,388,300	(______)

* To be determined

ARTICLE 1

NAVAJO COMMUNITY COLLEGE

FINANCE

RULES AND REGULATIONS

ARTICLE 1

RULES AND REGULATIONS - FINANCE

100. ANNUAL COLLEGE BUDGET - GENERAL

A. SUBMISSION

No later than April 15 each year, NCC shall submit a proposed budget to the Budget and Finance Committee of the Tribal Council, as approved by the Board of Regents. The proposed budget shall indicate the amount of funds needed for the ensuing year based upon the proposed budget.

B. INFORMATION TO BE INCLUDED

The proposed budget shall contain, but not be limited to the following information:

1. Projected total costs of operational, capital outlay, auxiliary enterprises, mandatory transfers, summer school; and debt service requirements.

2. Comparison of current year's budgeted amounts with projected budgeted amounts, indicating changes both in dollar amounts and percentages.

3. Comparison of revenue sources of current year's revenue with projected revenue sources, with source identification and indicating changes both in dollar amounts and percentages.

4. Comparison of numbers of enrollment and FTE students of current year with projected year, broken down by main campus, Shiprock Campus, and Community Campuses.

5. Copy of last audited financial statement.

C. COMPUTATION OF FTSE FOR FORMULA BUDGETING PURPOSES - BASED UPON PROJECTED (ESTIMATED) ENROLLMENTS

1. BASIC EDUCATION - Divide the total college credit units per semester by twelve (12) as of the fifteenth (15th) instructional day of each semester and average the two semesters.

NOTE: This computation shall include all adult (continuing) education college credit units.

2. ADDITIONAL SHORT-TERM - Divide the total college credit units (sum of both semesters) by twenty-four (24).

3. SUPPLEMENTAL APPROPRIATIONS

a. DEVELOPMENTAL EDUCATION - Divide the total college credit units by twelve (12) as of the fifteenth (15th) instructional day of each semester and average the two semesters.

b. VOCATIONAL/TECHNICAL EDUCATION - Divide the total college credit units for courses selected as "high cost" vocational/technical courses by twelve (12) as of the fifteenth (15th) day of each semester and average the two semesters.

c. SPECIAL/HANDICAPPED EDUCATION - Divide the total college credit units for courses selected as "high cost" handicapped/disabled by twelve (12) as of the fifteenth (15th) day of each semester and average the two semesters.

4. SUMMER SCHOOL - Divide the total college credit units by twelve (12), by session, and as grand total.

110. MAINTENANCE AND OPERATIONS BUDGET (CURRENT EXPENSE) - INCLUSION AND COMPUTATION

The Board of Regents shall establish and set forth in the proposed budget the following formula indices:

A. BASIC EDUCATIONAL APPROPRIATION (BEA) - An amount per FTE multiplied times the average total estimates for first and second semesters for all college credit courses except summer school. This includes adult (continuing) education credit courses.

B. SUPPLEMENTAL APPROPRIATIONS

1. DEVELOPMENTAL EDUCATION (DEA) - An amount per FTE multiplied times the average total estimates for first and second semesters.

2. VOCATIONAL/TECHNICAL EDUCATION (VTEA) -An amount per FTE multiplied times the average total estimates for first and second semesters for those selected "high-cost" vocational/technical courses.

3. SPECIAL/HANDICAPPED EDUCATION (HD) - An amount per FTE multiplied times the average total estimates for first and second semesters. Additional appropriation above and beyond the normal cost to educate a regular student will be individually determined depending upon disability and need. The Navajo Rehabilitation Program will identify individuals eligible for this type of education.

4. COMMUNITY SERVICES/SPECIAL INTEREST (NON-CREDIT) COURSES (SIC) - Courses of special interest may be developed with eight (8) clock hours equalling one (1) Continuing Education Unit (CEU) where appropriate. The College may endeavor to provide technical and special services in the local community where practical and feasible.

C. ANNUAL CAPITAL FUNDS APPROPRIATION (ACFA) - An amount multiplied times the FTE computed in Item #110.A. to be used for on-going capital purposes contained within the fiscal year (furniture and equipment, minor construction, etc.).

D. PLANT MAINTENANCE AND OPERATIONS EXPENSE (PMOA) An amount per square foot multiplied times the gross square footage of permanent-type facilities.

E. EXCEPTIONS/SUPPLEMENTAL APPROPRIATIONS (ESA)

1. CHANGE IN MODE OF OPERATION - If any change in operation causes a significant and disproportionate expense at a location other than the main campus, said expense shall be detailed and separately requested for the ensuing year. The second year of this expense, if it is a continuing expense, shall be included in the total M & O budget request by adjusting the per-capita allocation to the degree necessary to cover said expense.

2. EXPERIMENTAL PROGRAMS - After adequate research, experimental programs may be included in the proposed budget for supplemental funding for a period not to exceed two consecutive fiscal years. Included must be justification, method of evaluation, and method of continued funding beyond the experimental period. External grants may provide all or part of the funding during the experimental period of time. In all instances, proposed experimental programs shall follow this procedure since (at least) indirect expense will be involved and the method of continued funding, if successful, shall be addressed prior to the approval for experimental programs.

F. SEPARATE BUDGETS

1. SUMMER SCHOOL (SSA) - Summer School budgets shall be separately budgeted and expended. The Board of Regents shall determine an amount per FTE needed to cover the direct and attributable indirect costs. Revenue from tuition and fees shall be estimated and subtracted from the total amount needed. The remaining difference shall be requested from the Budget and Finance Committee of the Tribal Council.

2. AUXILIARY ENTERPRISES (AE) - Auxiliary Enterprises includes but not limited to:

- Student Housing
- Food Service
- Bookstore
- Student Center
- Student Government
- Other Student Activities

These activities shall be budgeted in total with sub-budgets for each of the separate activities included within the Auxiliary enterprises' function to enable analysis of both revenue and expenditures.

G. ANNUAL ADJUSTMENTS (AA) - TO FORMULA FUNDING

Annual adjustments shall be made to the per student and per other allocations based upon inflation and any abnormal cost changes peculiar to NCC. Generally, inflation tends to be higher on the reservation than the published averages. This factor should be computed and utilized in the adjustments.

120. CAPITAL OUTLAY FUNDING

A. INITIAL CAPITAL FUNDS - APPROPRIATION (ICFA)

1. PURPOSE - To fund initial campus construction.

2. AMOUNT - Not to exceed 1,000,000 per campus, as needed.

3. PLANS - Construction plans to be submitted to Budget and Finance Committee of Tribal Council.

4. COST ESTIMATES - To be submitted with construction plans.

5. FUNDING SOURCES - Tribal Council and other.

B. CAPITAL IMPROVEMENT PROJECTS (CIPA)

1. PURPOSE - To fund major capital improvements at existing campuses.

2. AMOUNT - Determined by project.

3. PLANS - Construction plans to be submitted to Budget and Finance Committee of Tribal Council.

4. COST ESTIMATES - To be submitted with construction plans.

5. FUNDING SOURCE - Tribal Council.

121. MANDATORY TRANSFRS (MT)

Long-term obligations shall be met by budgeting amounts for bond, note, loan, and lease payments in accordance with contracted schedules. Such payments shall include both interest and principal payments. In addition, any mandatory reserves shall be budgeted as contained in bond covenants.

122. CATEGORIES OF FUNDING SOURCES

A. FEDERAL (PL98-192 and other)

B. LOCAL/COLLEGE (Tuition Fees, Misc.)

C. TRIBAL COUNCIL

D. AUXILIARY ENTERPRISES

E. OTHER

Note: Sub-categories may be advisable for accounting purposes.

123. TRIBAL COUNCIL APPROPRIATIONS - SCHEDULE

A. ANNUAL APPROPRIATIONS

1. UPON BUDGETARY APPROVAL - 50% of appropriation

2. JANUARY 1 - 25% of appropriation

3. ON OR BEFORE JUNE 1 - 25% of appropriation

B. CAPITAL OUTLAY PROJECS

100% upon project approval and prior to approval of construction contracts.

124. BUDGET FORMULAS AND FORMS

A. TOTAL BUDGETARY NEEDS FORMULA

TBN = MO + CA + MT + AE

TBN = Total Budgetary Needs

MO = Maintenance and Operational Needs

CA = Capital Needs

MT = Mandatory Transfers

AE = Auxiliary Enterprises

1. MO includes:
   - A. Basic Educational (College Transfer Costs (BEA)
   - B. Special Education Costs (above Basic)

     Developmental Education (DEA)

     Vocational/Technical Education (VTEA)

     Special/Handicapped Education (HD)
   - C. Annual Capital Funds Appropriation - furniture and equipment needs/minor capital improvement project/remodeling projects - (ACFA)
   - D. Physical Plant Maintenance and Operations Costs (PMOA)
   - E. Exceptions/Supplemental Appropriations (ESA)
   - F. Summer School Needs (SSA)
   - G. Special Interest (Non-Credit) Courses (SI)
2. CA includes: Major Capital Improvement Costs
   - A. Internal Capital Outlay Funds (ICFA)
   - B. Capital Improvement Projects (CIPA)
3. MT includes: Bond/Note/Loan Payments/Lease Purchase
4. AE includes: Student Housing/Food Service/Bookstore/etc.

B. FORMULA FOR FUNDING - SOURCES OF REVENUE -

TBE = FA + CGF + TCA

TBE = Total Budgeted Expenditures

FA = Federal Appropriations

CGF = College Generated Funds (Tuition/Fees/and Enterprises/Misc.

TCA = Tribal Council Appropriations

C. BUDGETARY NEEDS EXPRESSED BY FUNCTION

for ______________________________

	Proposed Budgetary Needs		Comparison Current FY		Difference
1. BASIC EDUCATION					
______ FTE x $______/FTE =					
2. SUPPLEMENTAL					
a. DEV. EDUCATION					
______ FTE x $______/FTE =					
VOC./TECHN. EDUCATION					
______ FTE x $______/FTE =					
SPECIAL/HANDICAPPED					
______ FTE x $______/FTE =					
3. ANNUAL CAPITAL FUNDS					
______ FTE x $______/FTE =					
4. PLANT MAINT. & OPERATIONS					
______ Sq.Ft. x $______/SF					
5. SUMMER SCHOOL					
______ FTE x $______/FTE =					
6. CAPITAL IMPROVEMENT PROJECTS					
a.					
b.					
7. MANDATORY TRANSFERS					
8. AUXILIARY ENTERPRISES					
GRAND TOTAL - BUDGETARY NEEDS					

NOTES:

D. SOURCES OF REVENUE

Current Fiscal Year		Proposed Fiscal Year
	1. FEDERAL--PL89-192	
	2. COLLEGE GENERATED	
	a. Tuition and fees	
	b. Auxiliary enterprises	
	- Student housing	
	- Food service	
	- Bookstore	
	- Other	
	3. SUMMER SCHOOL	
	4. OTHER	
	a.	
	b.	
	c.	
	TOTAL ANTICIPATED REVENUE OTHER THAN TRIBAL COUNCIL	
	5. TRIBAL COUNCIL	
	GRAND TOTAL-REVENUE	

BOARD OF REGENTS
SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE
P.O. BOX 10146-9169 COORS RD. N.W.
ALBUQUERQUE, NEW MEXICO 87184

SOUTHWESTERN INDIAN POLYTECHNIC INSTITUTE
BOARD OF REGENTS

POSITION PAPER

MARCH 1987

BACKGROUND:

Southwestern Indian Polytechnic Institute (SIPI) was established by Congress in the late 1960's, as a place where reservation Indians could receive high quality vocational training in selected high-demand technical fields. Congress realized then that the lack of technical job skills was one of the most severe problems hampering economic development on the nation's Indian reservations, and that to be truly effective for reservation Indians, training in those skills had to be provided in a setting where the special needs and problems of those students could be given the particularized attention they require. The opening of SIPI in 1971, at its beautiful, modern, $30 million campus along the Rio Grande outside of Albuquerque, was thus a major accomplishment in the battle against poverty and despair among reservation Indians.

SIPI, as a Bureau of Indian Affairs (BIA) institution, provides educational opportunities to Indian people without charge. Traditionally, education has been provided to Indians by the federal government as a trust obligation. The legal history of this relationship can be traced to the early treaties between tribes and the United States Government.

SIPI, as an alternative school, provides technical-vocational training to students who cannot afford the tuition and other related costs of attending state universities, private colleges, other vocational schools and private training programs.

ISSUE:

The BIA has proposed an $850 tuition charge be implemented at SIPI in FY 1988 and the Institute's budget be consequently reduced by $364,000.

CAUSE FOR ACTION:

The SIPI Board of Regents is opposed to both of these proposals for the following reasons:

A. BIA failed to consult with the Board of Regents or any of the affected Indian tribes, for that matter. History documents Congressional intent relative to education as a trust responsibility with no charge for such services. This proposed tuition charge; therefore, represents a dramatic change in policy, requiring consultation.

   This failure to consult violates federal law, including the prior consultation requirements contained in Indian Self-Determination and Education Assistance Act, 25 U.S.C. 450; Department of the Interior regulations promulgated in 25 CFR, Part 31a; and the Indian Control of Education Act, 25 U.S.C. 2010.

In addition, the BIA's failure to seek public participation in their decision to propose the tuition charge, violates the notification and public comment provisions of the Administrative Procedure Act, 5 U.S.C. 552.

8. If tribal consultation had been adhered to, and if the Federal trust responsibility is compromised to permit the approval of this policy, numerous problems would be created for the Institute by the imposition of this fee. No planning time is allowed to allocate resources to prepare for the increased volume of paperwork. The monetary costs alone will be astronomical because of the trial and error modality the Institute will have to operate by due to lack of sufficient time to plan and prepare. Again, money will be wasted on the policy implementation rather than on the education of students. Special problems caused by this proposed tuition charge are identified as follows:

   1. The admissions and recruitment process will have to be reworked in order to accommodate the added variable of tuition fees. It can only mean increase personnel in this area to accommodate the increased volume of work.

      Thus far, 2,000 letters have been mailed to potential SIPI students. All 2,000 students would have to be contacted again in order to give them updated information on the tuition fee and its repercussions.

   2. Students will be adversely affected. First, their opportunities will be severely jeopardized if they do not have adequate time to apply for certain financial aid programs. Second, the Institute would not be eligible for additional financial aid and loan programs until the 1988-89 school year.

      At a time when there are also huge cutbacks in financial aid programs, the proposed tuition charge will present more problems for our students. Fifty-seven percent are from families whose incomes are below $6,000. The New Mexico Commission on Higher Education conducted a study of New Mexico's Post Secondary students relative to financial aid programs and unmet need during 1985-86. When the comparison of unmet need is shown by ethnicity, it was found that the category of Native American is more likely to have a greater amount of unmet need.

   3. SIPI will experience a reduced enrollment. Since we serve a national population, implementing the proposed tuition charge with a short planning and notification time frame, enrollment would decrease.

In a survey conducted among SIPI students in January 1987, 47 percent indicated they would not return to the Institute if charged a tuition fee. Furthermore, all New Mexico State Vocational-Technical schools are tuition-free to residents.

C. The consequent proposed $364,000 budget reduction would negatively impact on all of our training programs. We would not be able to offer the quality programs that enable American Indians to become employable in today's work force.

This budget decrease would not permit us to reach our goals for program development, updating and expansion. It would prohibit us from allocating the necessary resources for student life, resulting in the postponement of purchasing badly needed equipment, supplies and services for dormitory and social programs.

BOARD POSITION:

The Board requests that BIA's proposed $650 tuition charge should not be implemented, and the full $364,000 be restored in our budget. This would permit the Institute's progress to continue uninterrupted and would not jeopardize our North Central Association Accreditation status, due to the instability of funding.

U.S. DEPARTMENT OF LABOR
SECRETARY OF LABOR
WASHINGTON, D.C.

March 24, 1987

1987 MAR 27 AM 9 00

The Honorable Daniel K. Inouye
Chairman, Select Committee on
Indian Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Please accept my apology for the delay in responding to your letter of February 20 containing four questions as followup to the February 19 hearing of the Select Committee on Indian Affairs concerning the President's budget.

I have repeated the questions below, and each question is followed by its answer.

(1) Question: The Administration has proposed reducing the amount of Indian Title IV funds from the level of $61,484,000 available for the 1987 funding cycle to a level of $58,839,000 in 1988. How many fewer people will be served if the Administration's proposal were to be approved?

Answer: Although the reduced funding level reflects an eight percent reduction in service levels for the program from 1987 to 1988, we estimate that the availability of unexpended carryover funds from 1987 to 1988 will allow Native American grantees to serve approximately the same number of participants in 1988 as they did in 1987.

(2) Question: The Administration has proposed a rescission of 13 percent in these Summer Youth funds. How many Indian and Native American youth would be denied services if this rescission were to be approved by Congress?

Answer: The proposed rescission of Summer Youth funds will still provide a level of funding that is slightly more than the 1986 level. We estimate that at that funding level Native American grantees would be able to serve at least the same number of participants as were served in the 1986 program.

(3) Question: The Administration indicated in its FY 88 budget that it wants to replace the current Summer Youth program with a new program targeted on youth in AFDC families. Under the new proposal, will direct funding for Native American groups continue?

Answer: Under the new proposal, direct funding for Native American groups will continue.

(4) Question: Currently, a number of tribes and native Alaskan groups integrate their JTPA activities with services funded through BIA's Employment Assistance program which would consolidate that and other BIA programs and target them on General Assistance recipients. What impact would the proposed change in the Employment Assistance program have on the ability of tribes and Native Alaskan groups to integrate their JTPA and Employment Assistance programs in a single skill training effort at the tribal level?

Answer: The BIA has informed us that the proposed change in its Employment Assistance program would have no adverse impact on the ability of tribes and native Alaskan groups to integrate their JTPA and Employment Assistance programs.

Thank you again for your interest in Native American training and employment programs. If I can be of further assistance, please do not hesitate to contact me.

Very truly yours,

Bill Brock

WILLIAM E. BROCK

WEB: fmb

THE SECRETARY OF ENERGY
WASHINGTON, D.C.

1987 APR 14 PM 4:43

April 9, 1987

Dear Mr. Chairman:

Thank you for your letter of February 20, 1987, requesting answers to questions on the Department's FY 1988 budget proposal as it relates to Indian programs. Enclosed are responses to your questions which I believe address your concerns.

Please let me know if I may be of further assistance.

Yours truly,

John S. Herrington
John S. Herrington

Enclosure

Honorable Daniel K. Inouye
Chairman, Select Committee
  on Indian Affairs
United States Senate
Washington, DC 20510

Question Regarding Indian Tribes' WAP Funding

I. 1. Q: What formula(s) are being utilized to determine the Tribal allocation of weatherization and conservation funds?

A: According to the provisions of Section 440.11 of the Weatherization Assistance Program (WAP) regulations (attached for reference), Native Americans in a State are entitled to not less than 100% and not more than 150% of an amount that bears the same ratio to the State's allocation for the fiscal year involved as the number of low-income Native Americans bears to the number of all low-income persons in the State. The amounts to be made available in FY 1987 to Native Americans for the Weatherization Assistance Program are as follows:

From Petroleum Overcharge funds	$1,057,014
From Direct Appropriations	696,840
	$1,753,854

I. 2. Q: It is the Committee's understanding that the Tribes will not be allowed to claim administrative costs when they contract with the States for Weatherization Programs. How and why was this decision made?

A: If such a contract involves Federally appropriated funds, Indian Tribes can claim administrative costs consistent with the DOE Weatherization Program Regulatons. Under the DOE Weatherization Program, not more than 10 percent of any grant made to a State may be used by the grantee and subgrantee for administrative purposes, except that not more than 5 percent may be used by the State for such purposes. The same would be true for WAP program funds derived under the terms of Petroleum Overcharge Distribution and Restitution Act (PODRA), and for Stripper Well Oil overcharge funds allocated to WAP. If the Committee is referring to the use of Exxon oil overcharge funds being used for Tribal Weatherization Programs, administrative expenses cannot be claimed in accordance with the U.S. District Court's Order for the Exxon case.

II. 1. Q: When will the Bureau of Indian Affairs (BIA) be submitting a request for transfer of program funds for the $432,000 which Congress intended for CERT?

A: Language in the report of the Committee on Appropriations which accompanied the bill making appropriations for the Department of the Interior and Related Agencies for FY 1987 was as follows:

> "Within the total amount recommended, the Committee notes that the Bureau [of Indian Affairs] intends to provide $432,000 to the Council of Energy Resource Tribes."

(Report 99-714, p. 53)

DOE anticipates signing the Interagency Agreement with the BIA which will permit the transfer of funds later this fiscal year.

II. 2. Q: What opinion does the Department of Energy and the Bureau of Indian Affairs have about the trust responsibility of the Federal Government to provide assistance to tribes in the development of mineral and other natural resources?

A: The Department has provided assistance to tribes to develop their energy resources since 1976. The decision to assist tribes stemmed from the Department's broad mandate to increase domestic energy production rather than from any statutory trust responsibility.

The Department of the Interior has the primary responsibility for carrying out the Federal Government's trust obligations to Indian tribes. We have referred your questions concerning the BIA's trust responsibility to Ross Swimmer, Assistant Secretary for Indian Affairs, Bureau of Indian Affairs.

II. 3. Q: Please provide the Committee with a list of energy development projects (those which are operational) which CERT has provided technical assistance on and the amount of revenue this has generated for tribes.

A: Below is a list of the CERT energy projects which have generated significant revenues for the tribes under the Interagency Agreement. The amount of revenue generated for the tribe is indicated next to the project name. Brief summaries of the projects are also attached.

Project	Revenue Earned
o Ute Mountain Oil & Gas Assistance - Preparation of Lease Sale 10/82	$11.9 million over a standard 30 yr. agreement ($4 million in royalties alone as of 9/86).
- Wintershall Agreement, 10/84	$7.9 million in bonuses and rental fees.
o Laguna Reclamation Settlement (Anaconda Uranium Mine)	$43.6 million + $5.6 million of in-kind value (equipment, roads, buildings).
o Four Corners Pipeline co. Right-of-Way Analysis & Negotiation (Navajo Tribe)	Original offer from the company was $400,000 for a 20-year grant. Final settlement was for first year and terms which will return $92 million to the tribe over the life of the easment.
o Right-of-Way Negotiation Assistance to Winnebago Tribe of Nebraska	Original offer of $60,000 was increased to $1,760,000 in final negotiations.
o Fort Berthold Right-of-Way Project	Original offer of $2,000 increased to $286,000 in final negotiations.

The following projects are in the final stages of negotiations or implementation:

o Hydroelectric Power Generation Project at W.D. Mayo Lock & Dam 14 on the Arkansas River for the Cherokee Nation of Oklahoma	Tribe will have its obligations repaid plus a reasonable royalty of $300-500,000 per year until the principal is repaid and $1-2 million per year for remainder of the 50-year contract (1985 dollars).
o Blackfeet vs. Groff	Tribe's total claim for refund of Montana production, severance and net proceeds taxes withheld from the tribe's royalties for production years 1972-1984 is $7.3 million.
o Jemez Oil & Gas Negotiations	To date fair first offer has increased from $488,750 to $796,560
o Chemehuevi Solar Electric Generating Station Project	Preliminary estimates are that the project could generate $10-20 million to the tribe over the 30-year lifetime of the project.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D C 20250

March 13, 1987

Honorable Daniel K. Inouye
Chairman, Select Committee on Indian Affairs
United States Senate
Washington D.C. 20510

Dear Mr. Chairman:

This is in reference to your letter of February 20, 1987, transmitting a series of questions regarding programs within your committee's jurisdiction.

Enclosed are responses to the questions. The individual agencies responsible for administering the programs enumerated in your inquiry prepared the responses.

If we can be of further assistance, please let me know.

Sincerely,

Stephen B Dewhurst
STEPHEN B. DEWHURST
Director, Office of Budget
and Program Analysis

Enclosure

FARMERS HOME ADMININSTRATION

QUESTION: Given the repeated refusal of Congress to abolish the Indian Land Acquisition Program, the excellent repayment record, and Tribal and Congressional support for the Program, why is the Administration seeking to abolish it?

ANSWER: Demand for the Program has decreased from a high of $11 million in fiscal year 1979 to $1.4 million in fiscal year 1986. The demand for Indian Tribe Land Acquisition loans has been low because of the decline in agricultural industry profits and most of the available land has been acquired by the loans now outstanding. The program is limited to acquisition of and within the defined boundaries of a tribe's reservation. No loans have been made in fiscal year 1987.

QUESTION: What steps, if any, have been taken to ensure that Indian Tribes will be able to utilize the Indian Land Acquisition program to implement Instruction 1955-A of the 1985 Farm Act?

ANSWER: Indian Tribes could utilize the Indian Land Acquisition program and other resources that they may have available to them to purchase properties that are at risk to FmHA foreclosure. If the land is to be purchased through the Indian Land Acquisition Program, all eligibility requirements of that program would need to be met. The FmHA can approve sales of the property for its current market value before actions are taken to liquidate the security property under FmHA Regulation 1955-A. If Indian land pledged as security for an FmHA loan is foreclosed, the previous individual owner/operator would have the right to lease the property with or without the option to purchase. In addition, the dwelling retention program would be available to individual Indian borrowers who could meet eligibility requirements.

QUESTION: Recent GAO estimates indicate that 350,000 acres of individually allotted land on reservations in Montana, North Dakota, and South Dakota are at risk of foreclosure in the next two years. What steps, if any, has FmHA taken to work with Indian tribal governments to prevent the loss of allotted Indian land through FmHA foreclosure?

ANSWER: The FmHA is utilizing all servicing authorities in an effort to keep farmers in business. During FY 1986, 100,000 of FmHA's 270,000 borrowers received the benefit of FmHA's servicing actions. FmHA will continue to assist borrowers to stay in farming through the use of all loan servicing authorities.

If the Indian lands pledged for security for FmHA loans were acquired by FmHA through foreclosure, the previous owners would have the right to lease the land with the option to purchase.

The Indian Tribe could also purchase the land for the current market value, before FmHA foreclosure.

QUESTION: To what extent have loan servicing options, available under the 1985 Farm Bill, been brought to the attention of Native American borrowers?

ANSWER: All FmHA borrowers, which include Indians, are sent Form FmHA 1924-14 each year to inform them of all FmHA loan servicing actions available to them. The same form is sent to borrowers at the same time as forms informing the borrower of intent to take adverse action.

AGRICULTURAL COOPERATIVE SERVICE

QUESTION:	Please provide the Committee with a summary of the services provided to Native American farm cooperatives by Agricultural Cooperative Service (ACS) and the cost to ACS of those services.
ANSWER:	ACS provides technical assistance to: (1) existing cooperatives to help them solve their specific organizational, operational, and management problems, and (2) producer groups interested in developing new cooperatives to help them analyze feasibility and develop business plans for viable new cooperative operations. ACS also conducts educational activities, such as director and manager workshops, and distributes a wide range of educational publications on cooperative principles and practices. Technical assistance is provided to farmers, fishermen, forestland owners, and rural handcrafts producers and their cooperatives.

ACS services are provided to all cooperatives and producer groups, including Native Americans, upon request. In recent years, ACS assistance to Native Americans has focused primarily on helping handcrafts producers organize cooperatives to market their products and purchase production supplies. During the last three years (FY 1984-86), ACS has devoted a total of 86 staff days to technical assistance for Native American groups at a total cost of about $27,000.

Following is a brief summary of ACS assistance to Native Americans since 1978.

Feasibility of a Navajo Rug Marketing Cooperative.
Ramah, NM, 1985 to Present

Staff discussed the benefits and limitations of forming a rug marketing cooperative with Navajo weavers. The tribe hired a Navajo woman to survey 59 weavers using a questionnaire developed by ACS. Staff prepared and presented reports on survey results, operating guidelines, marketing options, and business plan preparation. Staff is currently working on financial projections for the cooperative and will present a report in spring of 1987.

Feasibility of the Rousing Bear Craft Cooperative.
Susanville, CA. FY 1986 to Present.

Staff discussed with bead workers the benefits and limitations of forming a cooperative to market their work and purchase supplies at reduced prices. A tribal contact surveyed 19 producers using a questionnaire developed by ACS. Staff prepared and presented a report on survey results, operating guidelines, and marketing options. Bylaw requirements and accounting controls also were discussed with the steering committee.

Financial and Management Training for Zuni Craftsmen Co-op Assn.
Zuni Pubelo, NM 1986 to Present

Staff met several times with the board to discuss board and management responsibilities as well as the financial condition of the cooperative. Staff is preparing report reviewing operations of the cooperative and making recommendations for improvement.

Craft Cooperative Seminar. Nome, AK. 1986

Staff conducted an 8 hour workshop on cooperative principles, management, and financial analysis. The workshop was attended by 12 Native ivory carvers and skin sewers from eight coastal villages in the Bering Straits region.

Feasibility of a Bering Straits Craft Cooperative.
Nome, AK. 1986 to Present

Participants in the Nome seminar expressed interest in organizing a regional cooperative to improve the marketing of their work. Staff developed a questionnaire to assess producer interest in the cooperative and had it distributed and collected by Kawerak, Inc. Staff is preparing a report on survey results, marketing options and costs, and bylaw considerations and will present it to producers in March 1987.

Craft Cooperative Seminar. Albuquerque, NM. FY 1985.

Staff conducted a workshop on cooperative principles and management at the Native American Arts and Crafts Community meeting sponsored by Futures for Children. Ten Indian craft cooperatives and associations were represented at the conference.

Feasibility of a Yankton Sioux Craft Cooperative.
Wagner, SD. FY 1984-1985.

Staff met with Yankton Sioux craft producers and six directors of the Ozate Kin Cultural Society to discuss the formation of a craft marketing cooperative. Staff advised them on the steps needed to organize a viable cooperative. Project was terminated because of insufficient interest among the leadership and producers.

Technical Assistance to Coup Mark Craft Cooperative.
Ronan, MT. FY 1984.

Coup Marks, Inc. is a Native American craft marketing cooperative with 20 members. Staff discussed the cooperative's operations with the manager and board. Staff recommended changes in the cooperative's bylaws, marketing, bookkeeping, and division of responsibilities between the board and manager.

Craft Cooperative Seminar. Athens, GA. FY 1983.

ACS conducted a 5 day workshop on cooperative principles, management, financial planning and analysis, and marketing. The workshop was attended by 15 Native Americans representing nine Indian cooperatives and associations across the country. ACS spent $3,764 to subsidize the lodging, meals, transportation, and registration fees of the Native Americans.

Discussed cooperative problems with the Navajo Agricultural Resource Committee. Window Rock, Arizona, FY 1982.

Prepared publication, "Cooperative Forms of Agribusiness for Use in Indian Country." Randall E. Torgerson, Administrator, ACS. FY 1981.

Feasibility of the Chance Oklahoma Biogas Cooperative. Westville, OK FY 1980 - 1981.

Producers asked ACS to determine the feasibility of a biogas plant as a way to process and market poultry litter. Staff prepared and presented reports on the producer survey results and marketing options. Of the 22 producers interested in the proposed cooperative, ACS estimates that roughly three-quarters were Native American. Project was terminated because of poor marketing opportunities for the biogas.

Small Farm Conference. Albuquerque, NM. FY 1980

Staff had major leadership role in the National Small Farm Committee and Regional Workshops attended by representatives of several tribes.

Worked with Bureau of Indian Affairs on Marketing of Jojoba. FY 1980

Met with Native Americans in South Dakota to help them determine the feasibility of producing and marketing selected crops. FY 1979.

Feasibility of the Smoky Mountain Trout Growers Cooperative. Brevard, NC FY 1978 - 1980, 1984.

Producers asked ACS to determine the feasibility of a cooperative to process and market their trout. Staff conducted a complete feasibility study analyzing producer interest, marketing options, operating requirements and costs, and financing requirements. Staff discussed requirements on bylaws and other legal documents with the steering committee and helped train management. The cooperative was organized. Of the 20 producers who became members, ACS estimates that roughly a third were Native Americans.

QUESTION: Please provide the Committee with a summary of ACS activity on Indian reservations including but not limited to the following areas: the number of contacts made with Indians on reservations; the means by which Indians gain access to ACS programs; outreach efforts made to the reservations.

ANSWER: During the last three years (1984-86) ACS has assisted Indian groups on four reservations. In most cases, numerous contacts were made with these groups by correspondence and telephone and in person.

Indians learn about the availability of ACS services from a number of sources: State Cooperative Extension Service personnel, other Indian cooperatives and groups ACS has assisted, staff of the Indian Arts and Crafts Board, the USDA Coordinator for Indian Activities, conferences in which ACS staff participates, and the Catalog of Federal Domestic Assistance. Indians gain access to ACS programs by writing a letter of request for assistance to the Administrator. ACS undertakes no special outreach efforts directly to Indian reservations.

QUESTION: What is the primary obstacle in providing effective technical assistance and marketing information to reservations participating in ACS programs?

ANSWER: There are several major, although not insurmountable, obstacles to providing effective technical assistance and marketing information. The language barrier often makes it extremely difficult to communicate with the producer leaders and potential members of a cooperative. Effective communication with these producers is essential to cooperative development and education efforts.

The isolation of many reservations also presents particular problems, not only isolation of the reservation but isolation of individual producers within the reservation. Poor roads, lack of transportation for producers, and absence of telephones makes it difficult to provide effective technical assistance. In addition, lodging accommodations often are not available close to reservations, making it time consuming and costly for staff to provide on-site technical assistance.

Cooperatives are businesses owned and controlled by their member-users. But, most rank and file Indian producers lack a basic understanding of business concepts necessary to become effective members of cooperatives. This necessitates a tremendous educational effort that is complicated by the language problem.

Tribal interference and lack of tribal assistance constitute further obstacles. Tribal councils often do not want members involved in any business activity unless it is controlled by the tribe. This violates the cooperative principle of control by the member-users.

In addition, the tribe usually will not provide assistance to non-tribal businesses even if they are cooperatives composed of tribal members. Assistance with such things as bookkeeping and providing office space and facilities often are critical to the success of a new cooperative venture.

QUESTION: What activities are recommended to improve the delivery of technical assistance to Indian reservations?

ANSWER: ACS can continue to work closely with national organizations representing Native Americans, such as the Indian Arts and Crafts Board and the USDA Coordinator for Indian Activities, to ensure that Native Americans are made aware of available services and how to gain access to these services.

QUESTION: Do you believe that Native American farmers realistically can be expected to pay hundreds of dollars per day in user fees for ACS assistance?

ANSWER: If the Agency adopts a user fee program, the schedule will likely not be uniform across the board, but take into consideration the ability of various groups to pay. In any case, there will likely be a substantial reduction in technical assistance provided to Native American groups as well as to others not in position to pay for Agency services.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Question: Please provide the Committee with a summary of Agricultural Stabilization and Conservation Service activity on Indian reservations highlighting those programs on which tribal members are particularly dependent.

Answer: Currently, the Indian Acute Distress Donations Program, which provides CCC-owned or purchased feed to Indian tribes for livestock feeding in the event of a severe natural disaster, is the only ASCS program specifically for Native Americans.

Participation in ASCS conservation programs and CCC income and price support programs are open to all producers who meet the necessary eligibility requirements. Any producer of wheat, feed grains, cotton and rice with established base acreage histories for these crops are eligible to receive CCC program benefits including deficiency payments and loans.

Under the Agricultural Conservation Program --- ACP, cost-share assistance is provided to agricultural producers to help solve a wide range of agricultural conservation and environmental problems which, if not addressed, would reduce the productive capacity of the Nation's land and water resources or cause degradation of environmental quality. Any owner, landlord, tenant, sharecropper, or associated group on a farm or ranch who produces agricultural commodities is eligible to apply for cost-share assistance. In fiscal year 1985, 1,014 Indians requested ACP assistance of whom 749 were approved for participation in the program.

The Forestry Incentives Program --- FIP, provides annual and long-term cost-sharing agreements with private landowners, including Indian tribes, who improve a stand of forest trees or plant trees. In fiscal year 1985, two Indians requested and received FIP cost-share assistance.

Other ASCS conservation programs available to eligible producers are the Emergency Conservation Program, the Water Bank Program, the Conservation Reserve Program, the Rural Clean Water Program, and the Colorado River Salinity Control Program.

Question: Please provide the Committee with information concerning the amount of feed grains released by the Commodity Credit Corporation from fiscal years 1980-1986 for livestock feeding to relieve acute stress of tribal members due to drought, flood, or other uncontrollable catastrophe.

Answer: The following tables reflect the reservations approved for donated livestock feed under the Indian Acute Distress Donation Program for fiscal years 1980-1986.

INDIAN ACUTE DISTRESS DONATION PROGRAM (IADDP) ACTIVITY
FY 1980 - 1986

RESERVATIONS APPROVED FOR IADDP - 1986-87
NO ACTIVITY

RESERVATIONS APPROVED FOR IADDP - 1985-86

RESERVATION	ANIMALS	HUNDREDWEIGHT ALLOCATED	DATE AUTHORIZED	DATE ENDED
NORTHERN CHEYENNE	6,810	59,462	OCT.23	MAY 31
CHEYENNE RIVER SIOUX	25,940	215,559	OCT. 8	MAY 15
FORT BERTHOLD	11,541	72,180	NOV.27	MAY 15
PINE RIDGE	35,200	332,993	SEPT.17	MAY 15
FORT PECK	6,447	56,556	OCT. 4	MAY 15
ROSEBUD SIOUX	14,900	112,269	NOV. 1	MAY 15
STANDING ROCK SIOUX	19,443	152,433	NOV. 1	MAY 15
CROW	13,611	99,466	NOV. 13	MAY 31
FORT BELKNAP	7,903	61,251	NOV. 1	MAY 31
ROCKY BOY'S	2,675	22,260	NOV. 1	MAY 31
LOWER BRULE SIOUX	5,100	38,024	NOV. 1	MAY 15
BLACKFEET	19,019	184,865	SEPT. 26	MAY 31
CROW CREEK SIOUX	2,493	5,742	MAR. 18	MAY 15
COLVILLE	7,850	34,250	JAN. 27	MAY 31
SPOKANE	1,912	8,000	FEB. 12	MAY 31
KALISPEL	68	290	FEB. 12	MAY 31
TOTAL HUNDREDWEIGHT ALLOCATED		1,455,600		

RESERVATIONS APPROVED FOR IADDP - 1984-85

RESERVATION	ANIMALS	HUNDREDWEIGHT ALLOCATED	DATE AUTHORIZED	DATE ENDED
ROCKY BOY'S	4,715	17,909	DEC. 10	JUNE 30
FORT BERTHOLD	10,323	56,646	DEC. 20	JUNE 30
BLACKFEET	26,667	149,265	DEC. 10	JUNE 30
FORT PECK	8,472	52,067	DEC. 10	JUNE 30
FORT BELKNAP	12,597	56,134	DEC. 10	JUNE 30
TOTAL HUNDREDWEIGHT ALLOCATED		332,021		

RESERVATIONS APPROVED FOR IADDP - 1983-84

RESERVATION	ANIMALS	HUNDGREDWEIGHT ALLOCATED	DATE AUTHORIZED	DATE ENDED
CROW	11,400	30,480	APR. 20	MAY 31
NORTHERN CHEYENNE	31,180	62,067	JAN. 16	MAY 31
FORT BERTHOLD	7,800	28,980	MAR. 22	JUNE 30
CHIPPEWA-CREE	2,074	5,159	APR. 10	MAY 31
FORT PECK	8,472	30,353	MAR. 20	JULY 31
BLACKFEET	23,691	144,041	JAN. 11	OCT. 31
PINE RIDGE	33,000	56,520	APR. 19	MAY 31
TOTAL HUNDREDWEIGHT ALLOCATED		357,600		

RESERVATIONS APPROVED FOR IADDP - 1982-83

NO ACTIVITY

RESERVATIONS APPROVED FOR IADDP - 1981-82

NO ACTIVITY

RESERVATIONS APPROVED FOR IADDP - 1980-81

RESERVATION	ANIMALS	HUNDREDWEIGHT ALLOCATED	DATE AUTHORIZED	DATE ENDED
BLACKFEET	22,700	83,536	MAR. 1	MAY 31
FORT PECK	9,140	67,270	JUL. 31	MAY 31
FORT BERTHOLD	15,100	108,720	NOV. 1	APR 30
CROW CREEK	1,920	11,550	DEC. 18	MAY 10
LOWER BRULE	4,530	27,180	DEC. 18	MAY 10
FORT BELKNAP	9,510	68,472	NOV. 1	MAY 1
NORTHERN CHEYENNE	9,000	64,800	NOV. 15	MAY 15
YANKTON SIOUX	400	1,856	JAN. 23	MAY 10
TURTLE MOUNTAIN	4,700	28,200	JAN. 15	MAY 31
FORT TOTTEN	360	2,160	JAN. 15	MAY 31
ROSEBUD SIOUX	25,180	51,090	DEC. 1	MAY 1
STANDING ROCK	10,224	98,150	SEPT. 10	MAY 15
PINE RIDGE	9,510	209,196	DEC. 10	MAY 10
PAPAGO	8,000	19,200	APR. 10	JUNE 21
CHEYENNE RIVER	37,658	316,554	SEPT. 2	MAY 15
TOTAL HUNDREDWEIGHT ALLOCATED		1,257,934		

QUESTION:	What activities can you recommend to insure that Native American farmers are given complete access to donated commodities available through ASCS programs?

ANSWER: Native American farmers with low income are eligible for donated commodities available through food assistance programs administered by the Food and Nutrition Service. Like other low income Americans, Native Americans are eligible for the Temporary Emergency Food Assistance Program --- TEFAP. While TEFAP provides CCC surplus commodities to millions of people each month, there is no mechanism to ensure that all Native Americans will be served ahead of others who are also in need of help.

The Food Stamp Program is USDA's primary food assistance program and is also available to all low income Americans. This program enables participants to purchase the food they need through local grocery stores which provides more variety of foods for participants. The Food Distribution Program on Indian Reservations --- FDPIR, represents an alternative to the Food Stamp Program for Indian households in rural areas where the Food Stamp Program is not available, or where food stores are inconveniently located. FDPIR offers commodities in lieu of food stamps for low income reservation households and Indian households living near the reservations. The food package offered each month provides Native Americans with a more nutritious diet.

To ensure accessibility to USDA programs a publication entitled "USDA Programs of Interest to American Indians" was produced. The purpose of this publication is to provide readily accessible information to the American Indian population on program benefits and application procedures, as well as to identify field contact points for each program. The publication is available from the Coordinator, Indian Activities, Intergovernmental Affairs, U.S. Department of Agriculture, Washington, D.C. 20250.

The only ASCS program that provides donated commodities to Native American farmers is the Indian Acute Distress Donation Program (IADDP). The IADDP makes available to needy tribal members CCC-owned or purchased feed after a determination by the Administrator of ASCS that a chronic acute distress situation exists because of severe drought, flood, storm or other natural disaster which affects normal feed supplies of members of an Indian tribe.

Implementation of this program is initiated after the Tribal Council passes a resolution stating that a chronic acute distress situation exists and sends a request to initiate the program to the Bureau of Indian Affairs.

It is our belief that the various Tribal Councils are aware of this program and the process needed to initiate its implementation.

QUESTIONS SUBMITTED BY DANIEL K. INOUYE, HAWAII, CHAIRMAN

Extension Service

For the past 30 some years the Bureau of Indian Affairs through its area offices has granted funds to State Extension Services to augment Extension programs on Reservations. The funding contracts are negotiated individually between the area offices and the State Extension Services annually. During the past few years the member and funding level of contracts have decreased. The questions submitted to the Department of Agriculture by the Senate Select Committee on Indian Affairs dated February 20, 1987, could be answered more completely by the Bureau of Indian Affairs. However, USDA will respond to the extent of available information.

QUESTION 1: Please provide the Committee with a list of locations of the local offices which administer extension services to Indian reservations, noting the number of programs administered through contracts with the tribe versus the number of programs administered through land grant colleges.

ANSWER: We can only respond on programs funded by BIA through Land Grant colleges. The BIA funded Extension programs through Land Grant colleges are located on the following reservations: Cherokee in North Carolina, Cheyenne River in South Dakota, Fort Hall in Idaho (contract is with local county government), Umatilla and Warm Springs in Oregon, and Fort Belknap in Montana.

QUESTION 2: Has there in fact been a reduction of funding contracts with the Bureau of Indian Affairs to place agents on the reservations with specific assignments? If so, why?

ANSWER: There has been a marked reduction of BIA funding for Extension programs between 1981 and the present. The BIA grants for Extension amounted to approximately $1,406,900 for 66 personnel in 13 states in 1981, and $292,600 for 12 personnel in 5 states, in 1987.

QUESTION 3: Why has funding for Extension Service programs provided to Native Americans been tapered back gradually but significantly since 1981?

ANSWER: Special BIA funding for the augmentation of Extension Services of reservations has decreased significantly since 1981 due to the increasingly constrained Federal budget.

QUESTION 4: Does the Administration propose to put greater emphasis on contracts for land grant colleges as opposed to contracts with the tribes?

ANSWER: This decision really rests with the tribal leadership in each State since the kinds and extent of Extension assistance directly result from their recommendations to BIA.

QUESTION 5: This Committee has received complaints that funds issued pursuant to contracts with land grant colleges are being spent on high professor's salaries and in other ways which do not directly benefit the Native American farmers who are supposed to benefit from the program, and that in many cases the colleges maintain little or no contact with tribal members. How do you address these complaints? Why should greater emphasis be placed upon contracts with land grant colleges if such problems result from administering the program in that way?

ANSWER: To our best knowledge, this situation does not presently exist. We will however investigate the accuracy of these allegations.

SOIL CONSERVATION SERVICE

QUESTION: This Committee is informed that the demand for Soil Conservation Service (SCS) assistance by Native American tribal groups is steadily increasing. How does the Administration intend to accommodate this increased demand?

ANSWER: Native American tribal groups may organize a conservation district under tribal or state law. If a conservation district is duly organized, USDA will enter into a memorandum of understanding with the tribe in order to provide technical assistance. Where tribes do not form conservation districts, SCS provides assistance in one or more of the following ways:

1. From an adjoining SCS field office.
2. By assigning an SCS employee to service the tribe.
3. Through interagency agreements with the Bureau of Indian Affairs (BIA) or other appropriate agencies.

QUESTION: The Department of Agriculture has reasoned that demand for SCS assistance increases as the assistance available to Native American tribal groups becomes better understood. What is SCS currently doing to ensure that tribal groups are receiving information necessary to make them aware of the benefits of SCS assistance?

ANSWER: SCS has provided through the appropriate state conservationist information concerning assistance available to Indian tribes from SCS to all major tribal councils. Each SCS office, as appropriate, has a designated Indian tribe contact person. Currently, SCS is providing tribes with information on how the Food Security Act of 1985 affects Indian producers.

QUESTION: What is the greatest obstacle to informing tribal groups of the assistance available through SCS? What can be done to eliminate such obstacles?

ANSWER: The greatest obstacle to informing tribal groups of assistance available from SCS is finding and maintaining contact with the appropriate tribal council representative. A secondary obstacle is language barriers and a lack of qualified Indian persons who can be hired by SCS to assist the tribes.

FOOD AND NUTRITION SERVICE

QUESTION: The Committee understands that Indians must choose between food stamp benefits and benefits under the food distribution program and WIC. Please provide the Committee with information concerning the number of recipients of food distribution and WIC in comparison to the number of Native Americans currently receiving benefits under food stamps and child nutrition services.

ANSWER: Under Sec. 4(b) of the Food Stamp Act of 1977 as amended, Indian Tribal Organizations (ITO's) may choose to operate a Food Stamp or Food Distribution Program. The individual recipient may choose to participate in either a State-operated Food Stamp Program or the program operated by the ITO. Participation in the Food Distribution and Food Stamp Program is mutually exclusive because they are family feeding programs, designed to fulfill the same need. In fact, great effort is made to prevent the recipient from receiving duplicate benefits. However, the Supplemental Nutrition Assistance (WIC), and Child Nutrition Programs are available to a qualified applicant regardless of participation in the Food Stamp or Food Distribution Program.

Data on participation follows:

Program	Total participation Monthly Average 1985	Native American Participation (July 1985)
	(in thousands)	(in thousands)
Food Stamp	19,907	348
Food Distribution	139	139
National School Lunch Program	24,000	N/A
WIC	3,139	76

FOOD AND NUTRITION SERVICE

QUESTION: It is clear that the number of low-income persons participating in these programs has increased significantly and appears likely to continue increasing. How does the Administration propose to deal with this increased demand for benefits?

ANSWER: Nationally, participation in the Food Stamp Program is expected to continue the downward trend it has shown with the improvement of the economy and lower unemployment rates. Participation in the Child Nutrition and Needy Family Programs show slight increases, due mainly to a slight increase in the population being served. Under the Administration's funding request, participation in the WIC Program would be almost constant from 1986 through 1988.

QUESTIONS SUBMITTED TO THE DEPARTMENT OF THE INTERIOR BY THE SELECT COMMITTEE ON INDIAN AFFAIRS AND INDIVIDUAL MEMBERS PURSUANT TO THE COMMITTEE HEARING ON THE ADMINISTRATION BUDGET REQUEST FOR FISCAL YEAR 1988 AND ANSWERS SUBMITTED BY THE DEPARTMENT OF THE INTERIOR IN RESPONSE

QUESTIONS SUBMITTED BY SENATOR MURKOWSKI

Question 1: Please describe how the Bureau's new work initiative will be implemented in Alaska and the fiscal impact of this initiative in FY 1988. Will the proposed transfer of the Employment Development Subactivity to the Indian Services Program have a fiscal impact on Alaska?

Answer: The Self-Assistance initiative is proposed only for those states where the Bureau makes General Assistance (GA) payments. As GA payments are not made in Alaska, it is not currently anticipated that there would be any impact on the State. Regulations will be proposed to implement the program. Once these are finalized, in consultation with tribal and Congressional parties, the Bureau will be better able to assess any potential impact in Alaska. The transfer of the Employment Development subactivity to the Tribe/Agency line under Indian Services will have no programmatic impact.

Question 2: What impact will the Small Tribes Specialized Technical Assistance Initiative have on Alaska? Will any villages in Alaska be ineligible for these grants? If so, please provide a list of those villages and the current level of funding they are receiving under the Self-Determination Services subactivity.

Answer: The Small Tribes Assistance program and the specialized Technical Assistance program are two separate programs. The Small Tribes Assistance program should have a greater more positive impact in Alaska Native Villages since most will be eligible for it. The eligibility criteria is quite simple. A small tribe must have an active tribal (or village) government performing substantive governmental functions. The Bureau will develop a funding formula based on such factors as population, need (both as to functions to perform and financial) isolation as so forth. Small tribes input will be invited for this effort.

The Specialized Technical Assistance Initiative has its own separate criteria and purpose; such assistance will be available to tribes meeting the criteria. Alaska Native Tribes and Villages that meet the criteria will be eligible to participate under the Initiative.

Question 3: What is the Hoonah Housing Project and why is it being eliminated?

Answer: Much of the village of Hoonah was destroyed by fire in late 1944 and 80 houses were erected as emergency shelter for the homeless residents under a program administered by the Federal Housing and Home Finance Administration. The Hoonah War Housing Act of 1957, Public Law 85-806 later transferred to the Secretary of the Interior the project and the funds with the authority to liquidate the project. Unfortunately, due to the emergency nature and lack of sophistication of land records as well as the local IRA, the housing units were erected without proper regard for boundary lines or existing landowners. The liquidating of the Hoonah Housing Project included conducting land surveys, eminent domain, condemnation and distribution of funds, performing probates and other activities to clear land titles, acquire needed land for streets and alleys, make monetary restitution and land restoration to individual Indians in instances were warranted. All work on the project will be finally be completed in FY 1987 and the funds have been exhausted.

QUESTIONS SUBMITTED BY SENATOR DASCHLE

Question 1: Representatives of the Inspector's General's Office have been meeting with tribal leaders to plan for FY 1988 indirect cost negotiations. During the course of these meetings, they have been asked what impact the BIA's proposed 15% flat indirect costs rate will have on the Inspector General's proposals. The Inspector General's staff has responded that since they are not under the authority of the Bureau of Indian Affairs, Assistant Secretary Swimmer's proposal will have no effect on how they approach FY 1988 negotiations.

Given the fact that BIA funds represent less than 50% of the total indirect cost dollars in the average tribal indirect cost pool, what steps have you taken to reconcile your proposal with the Inspector General's plans? Given the IG's current position, isn't it possible that many tribes will be faced with even larger theoretical under and over recoveries if you institute your proposed flat 15% indirect cost rate?

Answer: Under the Bureau's planned proposal, audits of contracted programs would be based upon the amount provided under a flat percentage payment and not the contractor's indirect costs rate. Consequently, we believe problems associated with theoretical over and under recoveries will be eliminated.

Question 2: Many South Dakota Tribes are concerned with the BIA's plans to distribute School Operations and Maintenance dollars based on the number of students attending a given school. As you are undoubtably aware, many South Dakota schools are quite old and in serious condition. Given this fact, how do you justify giving newer schools with larger student bodies larger amounts of maintenance dollars than will be provided to the older more run down South Dakota facilities?

Answer: The fiscal year 1987 Conference Report directed the Bureau to begin implementation of a proposal put forth by the Office of Construction Management (OCM) to fund school operation and maintenance costs on a per student basis. As noted on pages 227 and 228 of the fiscal year 1988 justification, the Bureau is reviewing the OCM proposal. Adjustments will be made to allow for cost differentials and for buildings that are not energy efficient.

Question 3: Could you please provide me with a list of all South Dakota Indian schools, jails, and tribal government buildings which are currently on the BIA's construction priority lists. Could you also include a statement of where each of these projects was ranked in FY 1986 & 1987.

Answer: Tribal government buildings are not Federal property, therefore, the Bureau has no obligation to construct or repair such facilities. There is no established construction priority list for jails. South Dakota schools on the construction priority list include:

Schools/Other Facilities	Ranking FY 1987	Ranking FY 1988
Flandreau School	10	1
Pierre Indian Learning Center	7	2
Oglala Community School	8	3
Lower Brule High School	31	5
Pine Ridge Headquarters	13	7
Cheyenne River Headquarters	12	10
O'Kreek Elementary School	6	11
Cheyenne River Headquarters	11	12

The rankings for these projects did not change in FY 1987.

Question 4: Many South Dakota Tribes are in need of new housing as they are faced with either a housing shortage or a number of existing homes which are not cost effective to repair. Given this fact, how do you justify eliminating the new housing aspect of the Housing Improvement Program.

Answer: The primary responsibility for construction of new Indian housing is in the Department of Housing and Urban Development (HUD). The fiscal year 1988 budget request for HUD Indian housing includes 1,000 new units nationwide.

Question 5: Many South Dakota Tribes have expressed the need for economic development assistance. They have pointed out that they are not currently in a position to fund tribal planners, feasibility studies and other activities which area required to lay the ground work for negotiations with private industry. Given this fact, how can you justify placing all of BIA's economic development funds into a program which requires a 75% match before a BIA economic development grant can be issued?

Answer: In addition to the Indian Business Development Grant program, the Bureau has requested $3,196,000 for provision of technical assistance to tribes and individuals in developing business ventures. This represents an increase of $2,500,000 over the amount available in FY 1987. A further increase of $150,000 is requested to improve credit analysis and documentation of loan applications to more fully comply with the intent of the Indian Financing Act.

Question 6: It was my understanding that the St. Francis Indian School was number one on the BIA's construction priority list, has this changed and if it has not, why has the BIA failed to request construction dollars for this project in its FY 1988 budget proposal?

Answer: St. Francis Indian School was number 1 on the school construction priority list until a fire occurred at the Turtle Mountain, North Dakota school. To meet the emergency situation at Turtle Mountain, it was placed first in the list and funds are requested in fiscal year 1988 for construction. St. Francis is the next school on the list.

Additional Senate Select Committee Questions

Education

Question 1: If the schools are contracted to states and public education curriculum is inaugurated in BIA schools, what other alternative schooling would be available to Indian children with special needs?

Answer: The Johnson-O'Malley (JOM) Educational Assistance Act and Title IV of the Indian Education Act provide funds to public schools to meet the special supplementary needs of Indian children. These funds are not available to Bureau-operated schools. In addition, public school districts operate Chapter 1 programs for disadvantaged students, bilingual programs for students whose primary language is other than English, and special programs for handicapped children.

Question 2: Tribes and Indian education organizations argue that the data and studies that BIA is relying on to justify the education initiative is inaccurate and incorrectly interpreted. For example, you have said that BIA students score lower on academic achievement tests than students attending public schools. What is the basis for these comparisons? Please supply the Committee with all relevant data pertaining to the relevant scores of Indian children in BIA schools, in contract schools, and in public schools. Only when we have this information before us can we correctly assess the situation.

Answer: The education initiative is only one part of the Bureau's total effort to encourage tribes to gain independence through local control of the governmental functions which affect the members of their tribes. Perhaps the most fundamental function of any government is the right to oversee and direct the education of its children. Therefore, we are proposing this initiative as a means to involve tribes and communities in the day-to-day operation of the educational systems for their children. The initiative offers them an enhanced opportunity to influence the future direction of the tribe.

The difference in standardized test scores between Indian students in public schools and Indian students in BIA-funded schools is only one consideration in the justification of this initiative. It is the Bureau's position that education for Indians, in general, must be improved. The Bureau plans to accomplish this goal by means of local participation and control.

The Bureau contracts with CTB/McGraw-Hill to compile and evaluate achievement test data for Bureau-funded schools. Copies of the 1985 and 1986 Executive Summaries received under these contracts have been submitted for the Committee files.

Question 3: A stated purpose of the education initiative is to encourage tribes to contract to operate schools. However, tribes have generally used self-determination grants to study the feasibility of contracting. In the FY '88 budget before us, you have proposed to eliminate 638 grants and use a portion of those funds to assist small tribes and to assist tribes in solving financial programs. Grants to study contract feasibility are thus not available. Is there an explanation for this or do you have another mechanism for tribes to use?

Answer: The Bureau will provide technical assistance to any tribe which expresses an interest in contracting for school operations.

The proposal to eliminate 638 grants is not expected to have any serious impact on tribes' contracting capability. This is because in recent years grant monies generally have not been used for their intended purpose, that is, as seed monies for the initial establishment of the administrative capability required to contract. Instead, 638 grant funds have been used to finance a part of the day-to-day costs of operating certain tribal governments. This is why the Bureau has proposed to replace the grant line item with a direct assistance line item for small tribes.

Question 4: What statutory authority do you propose to use for contracting with states?

Answer: The Bureau is proposing that bill language be included in the fiscal year 1988 appropriations bill which would allow the use of Indian Student Equalization Formula funds to support contracts with local education agencies and states. The proposed language will be submitted to the Congress in a formal budget amendment within the next month.

Question 5: Given that P.L. 93-638 provides a statutory requirement that tribes control education through self-determination, would contracts with states for this purpose be in violation of the 638 law?

Answer: The proposed bill language would allow contracts with states or local education agencies notwithstanding other provisions of law. Even so, in our view such contracting would not necessarily undermine self-determination, and in fact would probably enhance it. This is because a given tribe is more likely to be able to influence the policies of a local public school board than policies dictated from Washington, D.C.

Question 6: Have you consulted with state education departments with regard to this initiative, and if so, what has their reaction been?

Answer: The Assistant Secretary has discussed the initiative with some state Governors and education personnel. They generally accepted the concept and are willing to discuss specifics as we proceed with tribal consultation.

Question 7: What is the physical condition of the existing education facilities that you are proposing to contract?

Answer: As the Bureau has not targeted any particular school or schools for contracting, the condition of the facilities covers a wide range from poor to excellent condition. As the schools, themselves, are not being transferred, BIA would continue to provide facility improvement and repair funds.

Question 8: Would any BIA school be contracted to a state without the consent of the tribe or tribes involved?

Answer: The tribe or tribes will be given the first opportunity to contract to operate a school. If the tribe declines to contract, other educational opportunities will be pursued in consultation with the tribe. It is possible that a school might be contracted to a third party even if a formal resolution had not been passed consenting to the contract if it were determined that the affected students would be afforded improved educational opportunities which would meet their needs.

Higher Education

Question 9: Will the proposal to require tuition at Haskell, SIPI and the Institute for American Indian Arts need the approval of Congress?

Answer: The Institute of American Indian Arts (IAIA) presently charges tuition for non-Indian students. The Bureau does not believe that additional authority is required to allow tuition to be charged at the three post-secondary schools, but we have requested a formal opinion from the Solicitor's office.

Question 10: Will the proposed decrease in funding for the three schools be offset by income expected from the new tuition requirement?

Answer: It is anticipated that the reduction in appropriated funds will be offset by tuition collections.

Question 11: In appropriate cases, will there be provisions for tuition waivers?

Answer: Students at the postsecondary schools may apply for Pell Grants and other campus-based financial aid as well as the Bureau's own Higher Education scholarships. The Bureau plans to work closely with the schools in providing work opportunities at the schools for students who are unable to meet tuition costs through their own resources or the various grant and scholarship programs that are available. Given the varying sources of funds and work opportunities, tuition waivers should not be needed. However, in cases of extreme hardship, or physical disability which would not allow for work opportunities at the school, the decision to waive tuition could be made on a case by case basis.

Question 12: When do you anticipate that a timetable will be established setting forth a schedule for completion of the transfer of IAIA to its new independent status?

Answer: The Albuquerque Area Director is finalizing the transition plan for the IAIA, and a copy of the schedule will be available by May 1, 1987. The Bureau expects to complete all administrative actions necessary to transfer systems, equipment, and facilities by October 1, 1987. However, an official transfer date cannot be established until the new Board is selected and functioning and they have selected a President.

Question 13: With respect to the Ninth Circuit's ruling on the 1/4 blood eligibility issue for higher education scholarships, do you have an estimate of how many more eligible applicants are anticipated in the program?

Answer: It is too soon to have any actual data, but the Bureau estimates that for FY 1988 about 25% more students will be eligible to apply for grants. This estimate is based on the fact that 25% of the Indian population belongs to tribes which have no restriction on blood quantum.

Question 14: Do you believe the per student request for basic support grants under Title I of the Tribal Colleges Act is adequate to meet the needs of these schools? Please supply the Committee with data concerning the amount of funding made available to community colleges by those states in which federally funded tribal colleges are located.

Answer: The Bureau believes that an appropriate amount has been requested for TCCCs. The operating grants provided to the TCCCs were never intended to be full funding for operation of the colleges. The total operating budget for a college will consist of the BIA operating grant, tuition, and other financial resources generated by the colleges. The BIA grant represents from 10% to 90% of the operating budgets at the TCCCs.

The following information on non-Indian community colleges was collected by the Center for Educational Statistics at the U.S. Department of Education and the Chronicle of Higher Education, dated October 29, 1986.

			Sources of Funding (%)*			
State	Approx. No. Community Colleges	Approp. Sch/Yr 86/87	Tuition & Fees	Federal Approp.	State Approp.	Local Approp.
Arizona	17	$59.9 mil.	19	2	22	57
California	119	$1.2 bil.	8	1	65	26
Montana	6	$3.1 mil.	13	--	50	39
Nebraska	7	$22.4 mil.	17	2	39	41
North Dakota	6	(no data)	27	5	65	3
South Dakota	5**	(no data)	100	--	--	--
Washington	28	$205.6 mil.	18	.5	82	.25
Wisconsin	21	$18.0 mil.	15	1	29	56

* Total may exceed 100% due to rounding.
** Not true community colleges, may be vocational.

Question 15: Please clarify the use to which the $500,000 endowment appropriations will be put? Can the colleges use the earned interest for basic support?

Answer: The funds appropriated for the endowment will match, on a dollar-for-dollar basis, non-federal funds raised by the colleges. Both parts of the endowment must be placed in a Federally-insured banking or savings institution.

The interest earned on the invested endowment funds may be used to support any activity or operational cost of the colleges. Colleges participating in the endowment program will be allowed to retain the interest generated by both the Federal and non-Federal portion of the endowment. However, the operating grant will be reduced by the amount of the interest generated by only the Federal contribution. Thus, participating colleges will enjoy a net increase in funding.

Question 16: When does the BIA expect to complete the assessment of construction needs of tribal colleges?

Answer: Public Law 98-192 authorized the Administrator of the General Services Administration to "conduct a study of facilities available for use by tribally controlled community colleges." The study is to consider the condition of currently existing and underutilized Bureau facilities, as well as new construction. Public Law 99-428, signed January 21, 1986, amended this section of the law to make the Secretary of the Interior responsible for this study. To date, no funds have been identified for conducting the study.

Question 17: Is it correct that a general assistance recipient who enrolls in a tribal college to obtain job skills is cut off of G.A. because he or she is not then considered available for employment? Does the fact that jobs may not be available have any impact on this policy? Is this, in fact, policy or is there a statutory basis for this prohibition and how does it then fit in with the new workfare initiative?

Answer: It is correct that a general assistance recipient who enrolls in a tribal college to obtain job skills would be cut off general assistance because he or she would not be considered available for employment. The general assistance program is not designed as an educational assistance or supplement, but is designed specifically to meet the basic living needs of Indian people for whom no other services are available. This policy may be revised to reflect the changes envisioned by the new self-assistance initiative.

Question 18: When the College of Ganado closed, most of its students transferred to Navajo Community College. What action, if any, has been taken to reimburse NCC for the influx of new students?

Answer: Title II of Public Law 96-374 (as amended) provides that Navajo Community College (NCC) be funded as a line item in the budget rather than on the formula basis used for Title I colleges. Regardless of enrollment fluctuations, NCC receives its appropriated line item amount.

Question 19: How does the BIA arrive at the figure of $3,818 per FTE for NCC? Does this figure pay the costs required by the law to be paid by the Federal Government to the College?

Answer: The Bureau believes that the $3,813,000 requested for FY 1988 is an appropriate amount for NCC. We do not have a verified FTE count for FY 1987, but if the FY 1986 NCC funding were stated on an FTE basis, the college would have received $4,380 per FTE, which is significantly more than the Title I colleges receive. NCC has the same opportunities as the other colleges to charge tuition and generate other financial resources.

Natural Resources General

Question 20: On page 142 funding is sought for an information collections system called Indian Integrated Resources Information Program in the amount of $1,296,000 for FY 1988. Other information systems pertaining to recordkeeping and natural resources are mentioned throughout the budget justification, for example, the Geographic Information System (GIS) on page 142, the Lands Records Improvement System (LRIS) on page 210 which requests funding of $3,600,000; and the Integrated Records Management System (IRMS) on page 170 for which funding of $1,210,000 is requested.

How many data collection and information gathering programs regarding land titles, leasing, and natural resources are currently in operation and what is the total funding requested in FY 1988 for these programs? At what level were these programs funded in FY 1987?

Answer: None of the systems discussed is restricted to data collection or information gathering. Each is explained in detail below.

The Indian Integrated Resource Information Program (IIRIP) is a resource planning methodology which involves the use of high technology systems such as Geographic Information System (GIS) databases and remote sensing. IIRIP is designed to provide spatial data (with themes such as forestation, range use, land ownership status, etc.) to support the BIA natural resource planning and management effort at the Agency/Area level. IIRIP takes the most up-to-date information available (from Bureau and other Federal agency archives) and incorporates it into a computerized data base, which can subsequently be queried or manipulated to generate specialized analyses and products (maps, charts, tables). The Land Records Improvement System (LRIS) is specifically concerned with the maintenance of accurate land ownership records. LRIS constitutes the official title maintenance system for the Bureau of Indian Affairs; it contains the basic records of ownership for which the Bureau is responsible as trustee. Land ownership information is a basic necessity for many essential Bureau program activities, including leasing, forestry, agriculture, range administration, minerals management, and others. Correct, current ownership status information is critical to owner consent, distribution of income, oil and gas leasing and royalty management, probate activities, and estate distributions.

In addition to providing land ownership information, the Title and Records staff perform functions analogous to those of a county recorder, in that deeds, liens, mortgages and similar documents are recorded. In the Bureau, there are 28 types of title documents, each utilizing five procedural steps that must be recorded. Bureau Title and Records staff also record, maintain and provide information relating to births, deaths, marriages, divorces, and adoptions. They also function as title companies, title attorneys, title insurance companies or abstract companies in that they provide copies of records in a chain to title; furnish opinions as to ownership as well as sufficiency of documents; and provide ownership maps. In addition, they provide land use maps, heirship data, historical documents, and property income data for over 200,000 tracts, with an average of ten owners of undivided interests per tract. Records must be kept for each tract as well as separate records on two million ownership interests.

The Bureau estabished a Land Records Improvement System (LRIS) in 1977 to clear backlogs and to maintain current and accurate land records. Because of an increase in workload which was primarily generated by the Indian Land Consolidation Act, increasing fractional interests, and continually increasing costs, the backlog has not been cleared.

The proposed funding increase is necessary to eliminate this backlog. Following the input of all data on a current basis, comparison with historical hardcopy records is required for verification. These valuable records must then be microfilmed and returned (or sent) to the National Archives for permanent retention and protection. This effort is part of the IRMS/LRIS Implementation Plan, approved by Assistant Secretary Swimmer in April 1986, which, when completed, will provide accurate data that reflects correct ownership; permit prompt processing of payments of trust resources income; and promote effective and efficient management and protection of those trust resources.

The Integrated Records Management System (IRMS) is a records management and distribution system which has four subsystems (IIM, Lease, owner, people). The owner subsystem is the lease distribution file and is not a duplication of the Land Records Information System. LRIS depicts current land owners whereas the IRMS owner subsystem depicts lease owners. It is estimated that 15% to 20% of the landowner data base differs from the lease owner data base, because of assignments, dower rights, life estates and probates. The Office of Data Systems is currently redesigning the four subsystems to assure that the system will be interactive, as opposed to the batch mode which now exists.

The three systems (IIRIP/GIS, IRMS and LRIS) are independent, but complementary, components of the Office of Trust and Economic Development Management Information System (MIS). In order to avoid duplication of effort and unnecessary costs, BIA is developing methods which will allow near real time interchange of data which are unique to each system but which must be utilized together to achieve the Office of Trust and Economic Development mission.

Funding for FY 1987 and 1988:

	1987	1988
IIRIP	$1,296,000	$1,296,000
LRIS	1,600,000	3,600,000
IRMS	960,000	1,210,000

Question 21: How has it been possible to account for or disburse trust funds in the past if the land title and lease records are not maintained up to date?

Answer: In the past, written Bureau records at the agency level were relied on in cases where the land title records at the Land Titles and Records Offices were not up-to-date.

The accuracy of a Title Status Report issued by a Land Titles and Records Office depended on whether all title documents, within the meaning of 25 CFR § 150.3, were submitted to and recorded at the Land Titles and Records Office, as required by 25 CFR §150.6. If some title documents were not submitted or recorded, the Report would not be up-to-date or accurate for disbursement purposes. In such cases, the agencies would make disbursements based on the best available ownership interest records at the agency (LRIS information, plus additional lease information available at the Agency).

Question 22: Maintenance of these land title records would appear to be a fundamental responsibility of the BIA as trustee for the Indians and Federal liability could attach in the event of deficient records. What do you propose to do if in bringing these records current you discover that fund or other resources have been misdirected from their true owner?

Answer: In the event of mispayment of trust funds, the United States, as trustee, would likely be liable in money damages (unless precluded by statutes of limitation) for any failure to properly account for or disburse trust funds. It appears that the only recourse for the United States, depending on the specific circumstances, would be to seek reimbursement of funds paid to improper parties, which funds would subsequently be paid to the appropriate parties; or, failing results from such a course of action, to pay the damaged parties out of appropriated funds.

Indian Rights Protection

Question 23: The funding request for Litigation Support proposes a reduction of $800,000 from this program for a total FY 1988 request of $1,180,000. The request for Attorney Fees proposes a reduction of $350,000 for a total request of $1,150,000. It appears that funding for both of these programs was substantially reduced in FY 1987 and these proposed reductions reduce the programs even further. The Water Rights Negotiation/Litigation program funding request of $10,353,000 is the same as that requested in the FY 1987 budget. At what level were each of these three programs funded in FY 1985, FY 1986, and FY 1987?

Answer: Funding for these programs was as follows:

	FY 1985	FY 1986	FY 1987
Litigation Support	$4,275,000	$5,072,000	$1,980,000
Attorneys Fees	1,891,000	1,407,000	1,500,000
Water Rights Neg/Plng	6,568,000	8,376,000	9,000,000
Water Rights Litigation	--	1,770,000	2,853,000

Question 24: Please identify and provide the Committee with the current status and basis of claims for each of the 60 pending general stream adjudications mentioned in the FY 1988 budget request, and with regard to each, indicate what activities the BIA has undertaken on behalf of the tribes whose water rights are at risk.

Answer: Assembly of this extensive information would take considerable research, assembly, and preparation time and resources. Information would have to be obtained from Bureau field offices, Solicitor's Office and Justice. The Bureau, together with the Solicitor's Office, will prepare a response from available data and submit it to the Committee as soon as possible.

Question 25: Please provide the Committee with any guidelines developed or proposed by or within the Department of the Interior for negotiated settlements of Indian water rights, land claims, or fishing or hunting rights. Indicate what activities the BIA has undertaken on behalf of the tribes whose water rights are at risk.

Answer: This Department's policy on the negotiated settlement of Indian Water Rights is based on the principles enunciated in the President's Message to the House of Representatives, Returning Without Approval the Southern Arizona Water Rights Settlement Bill, dated June 1, 1982. We have not developed, nor are we contemplating the development of, guidelines pertaining to the policy.

Question 26: Please provide the Committee with your views on the impact of the so-called Meese memorandum on negotiations and possibilities for settlement of rights disputes through Consent Decrees and Settlement Agreements.

Answer: The considerations set forth by the Attorney General for the protection of Executive and Legislative prerogatives are appropriate, and from the perspective of the Bureau of Indian Affairs those guidelines will not affect the possibility of reaching negotiated settlements on Indian water rights as may be perfected by consent decrees.

Question 27: How does the Meese policy or the Department's position on the Meese Policy compare with the policy articulated on page 200 of the budget justification favoring the settlement of reserved water rights disputes?

Answer: The Attorney General's policies represent a set of Constitutionally-based considerations which must be taken into account in the context of consent decrees emanating from negotiated settlements. The Bureau of Indian Affairs does not view the Attorney General's policies as new constraints placed upon prospective negotiated settlements. Rather, the prerogatives sought to be protected by the Attorney General's policies are prerogatives valued by the Bureau as necessary to carry out trust responsibilities.

Question 28: Please identify and provide the Committee with the current status of non-water litigation cases supported under the other Litigation Support Program.

How does the pending caseload compare with the water litigation caseload in January of 1985? January of 1984?

Answer: Information in response to this request is being researched and assembled and will be submitted as soon as possible.

Question 29: What criteria has the Department established to determine the priority for funding or undertaking activity on non-water litigation?

Answer: On-going activities are given first priority, such as the Mitchell Case (Forestry); and the contract with the Native American Rights Fund (NARF), which covers several cases; and continuing support provided to allotment applicants by Alaska Legal Services. Payment for anticipated settlements ordered by the Courts, and situations that arise for which funding would save the Government extensive litigation expenses, such as land claims negotiation situations, and assisting in instances where hunting and fishing rights or water rights funds may be insufficient are also given high priority.

Question 30: With respect to the cases identified in response to this question, indicate which of these cases were initiated by the United States on behalf of the Indian as a plaintiff and those in which the United States is representing the interests of Indians as a defendant.

Answer: These funds are not necessarily directed to specific "cases"; however, the Bureau will obtain available information and submit it as soon as possible.

Question 31: As justification for the reduction in funding for payment of attorney fees it is stated that funding requests for FY 1985 and FY 1986 exceeded the amount granted by the BIA. For FY 1986 and FY 1985, please provide this Committee with a list of funding applications received; the purpose for which the funding was sought; and, with reason for denial, i.e. failure to meet funding criteria or lack of available funds.

Answer: This information is being assembled and will be submitted as soon as possible.

Water Resources

Question 32: On page 154 it is proposed to transfer $7.5 million from the Water Resources Planning, Management and Development program under Natural Resources Development to the Water Rights Negotiation/Litigation Support program under Indian Rights Protection. Under the Litigation Support program displayed on page 201 and 205, it is proposed to reduce funding for non-water litigation by $800,000 - nearly 1/2 of the FY 1987 funding level. It is not clear just how this proposed transfer will effect the Water Resources Planning, Management and Development Program. The justification indicates that the data collected under this program was used in past years for water litigation or negotiation support. Will the transfer of these funds to this new program diminish the planning, management and development aspects of the program?

Answer: The transfer of these funds to the Water Rights Negotiation/Litigation Support Program activity will not adversely impact the Water Resources Planning, Management, and Development Program. The activities of the Negotiation/ Litigation Program complements planning and development activities, in that the data collected under the Water Rights Negotiation/Litigation Support Program, which is used to support Indian water rights claims, may also be used by the Tribes for the planning, management, and development of their water resources.

Question 33: What effect will this transfer have on the total funding for Water Rights Negotiation/Litigation Support in FY 1988 in comparison for funding this effort in FY 1987? Will the funding level and actual work effort, either direct or by contract, be the same in FY 1988, and if not, why?

Answer: The total funding is not changed. The effect will only be a consolidation of funding for water rights litigation and negotiations activities under the Indian Rights Protection Activity. The negotiation/litigation activities are inter-related and, in the main, are handled by the same staff in the Central Office and in the field. The work effort will be the same whether the funds are in two places or in one line item as we propose. which is a much more efficient and effective financial process. The level of work effort is dictated by the status of activity for each of the negotiation or litigation situations, by court actions, tribal decisions, etc.

Additional Senate Select Committee Questions

Contract Support

Question 1: Does the BIA intend to impose a "flat administrative fee" on all contractors with whom the BIA does business, including consultants and suppliers?

Answer: The Bureau proposed to establish a flat rate only with respect to tribal contracts, generally identified as Public Law 93-638 contracts.

Question 2: What is the percentage that BIA intends to provide to tribes, and what is the legal basis for that percentage?

Answer: The proposed regulations do not specify a specific percentage. Implementation would be accomplished through the formal regulatory process.

Question 3: (a) What is the average amount of indirect costs reimbursed by the BIA for tribal contracts in FY 1986? (b) The BIA appears to have a practice of administratively deciding, on an annual basis, the percent of indirect costs to reimburse tribes, based upon available Contract Support Funds. Is this a practice in all Areas, or just in certain Areas?

Answer: (a) While the Bureau did not provide additional funding at 100% of tribal indirect cost rates, contractors were able to meet 100% of their rates within the amounts provided for their contracts.

Answer: (b) Contract support funds were combined with program funds for pre-1985 contracts and have been included on the Indian Priority System so that the tribes have the ability to provide the desired distribution between program funds and contract support allowances. For new contracts, prorata reductions have been assessed if the total amount requested to support first time contracts exceeded the amount available. This practice has been followed in all areas.

Question 4: Has the BIA considered the findings of the July 1983 Office of Inspector General audit in developing the proposed "flat administrative fee"? How does this new approach reflect the findings of the Office of Inspector General?

Answer: The Bureau did not prepare this proposal in response to the July 1983 report of the Inspector General.

Question 5: What is the opinion of the Department of Interior Office of Inspector General regarding the "flat administrative fee" proposal?

Answer: The Office of the Inspector General has a review in progress that is addressing this proposal and other issues involving indirect costs of Indian organizations. Two other Offices of Inspector General are participating in this audit, which is a project of the President's Council on Integrity and Efficiency. One objective of this audit is to determine the most appropriate method of funding indirect costs of Indian organizations and to evaluate the impact of the Bureau of Indian Affairs' proposed flat administrative fee on Indian organizations. The review will be completed this summer; at that time, the Office of the Inspector General will be able to provide an opinion regarding this matter.

Question 6: What is the opinion of the Department of Interior Office of the Solicitor regarding the "flat administrative fee" proposal?

Answer: It is the Solicitor's understanding that several Federal agencies have adopted variations on general indirect cost principles. The proper avenue for such change is appropriate rule making under the Administrative Procedures Act.

Question 7: (a) Please explain to the Committee why "Employee Displacement Costs" are included in the Contract Support Program Element. (b) What were the actual amount of outlays for Employee Displacement Costs in FY 1986?

Answer: (a) In developing the budget, the Bureau cannot determine which programs will be newly contracted by the tribes, therefore, employee displacement costs are budgeted in one line and distributed to the programs based on actual requests for first-time contracts.

Answer: (b) The actual FY 1986 outlay for Employee Displacement costs was $883,743.

Question 8: What types of payments are included in Employee Displacement Costs? What is the basis for the 100% increase in these costs in FY 1988?

Answer: Employee displacement costs include severance pay and lump sum payments for unused leave to employees displaced as a result of 638 contracting. The amount requested reflects our most current experience in meeting annual employee displacement funding requirements.

Question 9: Of all the Indian tribal governments that contracted with the BIA under P.L. 93-638 during FY 1986, how many had single agency audits completed?

Answer: There were 153 single agency audits completed in FY 1986.

Question 10: Over the past ten years, how many tribal governments have been investigated by the Department of Interior Office of Inspector General for abuse of the Contract Support Fund? How many of these investigations revealed actual abuses? How were these abuses resolved?

Answer: The Office of the Inspector General conducted a number of investigations concerning tribal government activities. However, the Inspector Generals records do not identify these investigations by sources of funds.

Question 11: The FY 1985 BIA budget justification contains the assertion that the use of Contract Support Funds to meet tribal indirect costs "created an open-ended uncontrollable, entitlement fund, the size and distribution of which depended solely on the initiative and ingenuity of each tribe in expanding its administrative organization and shifting the maximum amount of expenses to the indirect, rather than direct, category." Please provide the Committee with the evidence for this statement, including a list of tribal goveroments that shifted a maximum amount of expenses to the indirect cost pool.

Answer: The above statement is contained in the study conducted by the American Indian Law Center (AILC). It was made by the authors of the AILC report in context of the Bureau's procedure to base Contract Support funding on tribal indirect cost rates. That is, while program funding for contracted programs remains relatively stable, Contract Support funding could be increased based on higher indirect cost rates. We believe this is a statement of fact, but have not collected evidence to support it.

Question 12: How would the "flat administrative fee" differ from the approach used under OMB Circular A-102, Attachment P? Would Indian tribal governments be required to obtain annual single-agency audits?

Answer: The "flat administrative fee" or administrative support cost provision need not have any appreciable impact on single audit requirements for tribes. Here we note that OMB Circular A-102 Attachment P has been superseded by A-128 by virtue of the passage of P.L. 98-502, the single audit act of 1984. As to the possible impact of the flat administrative cost rate on A-128 to single audits, we believe there will be little impact. Tribes have the option of prorating audit costs to all contracts or grants administered by the tribes. This can be accomplished by the inclusion of a line item to cover single audit costs in each tribal application.

Tribal goveraments will in most instances be required to obtain annual single audits. There are exceptions, however, i.e. if a state or local government (including Tribes) has established by January 1, 1987 a constitutional statutory requirement for less frequent audits.

Question 13: What assistance would the BIA make available to tribal governments that were no longer able to afford the costs of annual audits because of the "flat administrative fee"?

Answer: The Bureau will provide guidance and assistance to tribal contractors on how to develop a cost plan for payment of single audits as requested. This assistance will be provided to individual tribes at the local level when necessary. In instances where a tribe may not have sufficient funds to pay for an audit, A-128 does allow a tribe to use grant funds to pay for single audits.

Question 14: Pages 27 and 28 of the FY 1988 budget justification provided amounts of Contract Support Funds for FY 1987. What is the source of data for these amounts?

Answer: Pursuant to Congressional directives, the Bureau, beginning in FY 1985, combined Contract Support Funds (CSF) with program accounts based on the level of contracting of these programs. In order to provide the proper amount of CSF, each P.L. 93-638 contract was examined to ascertain indirect costs rates and/or lump sum agreements. Based on this analysis, the CSF were grouped by location, program, and combined accordingly.

Question 15: What is the total amount of dollars contracted by Program Element, in FY 1987.

Answer: This information is currently being compiled and as soon as it is available, we will provide it to the Committee.

Question 16: Given the total amounts of dollars contracted by Program Element, in FY 1987, and given the negotiated indirect cost rates of Indian tribes, what is the total amount of funds that would be needed in FY 1987 to reimburse tribes at 100% of indirect costs for P.L. 93-638 contracts with the BIA?

Answer: This information is currently being compiled and as soon as it is available, we will provide it to the Committee.

Question 17: If the "flat administrative fee" is implemented, what amounts of funds would be allocated to each Program Element in FY 1988?

Answer: We can provide a precise answer when the level of contracting is known in FY 1988. When that information is known, we will multiply the eligible program dollars by the proposed percentage.

Social Services

Question 18: Does the BIA intend for this program to be national and mandatory in FY 1988?

Answer: In states where the Bureau makes General Assistance payments, the self-assistance program is proposed to be mandatory in FY 1988.

Question 19: Has the BIA done an inventory of available jobs and training resources, by reservation, in order to project the potential numbers of GA recipients that might be successfully trained and employed?

Answer: The Bureau has not yet completed an inventory of available jobs and training by reservation. The Assistant Secretary - Indian Affairs issued a policy memorandum to the Employment Assistance program staff (Bureau and tribal contract staff), dated July 22, 1986, on "Employment Assistance Policy - Job Development and Job Placement". This policy memorandum directed Employment Assistance to know what jobs were available in their location in the private sector, on the reservation, and in the city, county, state and federal governments. The survey should be completed by June, 1987.

Question 20: Several tribal governments approached the BIA in FY 1986 and FY 1987 with initiatives for tribal social services and employment development pilot projects. How did the BIA respond to these initiatives?

Answer: The Bureau has been approached by tribal governments with initiatives for tribal social services and employment development pilot projects and has responded positively by providing technical assistance to the respective tribes. There has not been sufficient funding available to actually pursue these projects beyond the planning stage; however, in FY 1988 the Bureau anticipates program reform on a national scale that will permit access to a wide array of funding sources within the Bureau.

Question 21: Current GA payment levels are tied by regulation to state AFDC levels of payment, which are a percentage of the level of need. Does the BIA plan any changes in the "ratable reductions" regulations to change the GA levels of payment?

Answer: New regulations will be issued for the General Assistance program, but it is not proposed to change the GA payment levels.

Question 22: The BIA manual currently ties the level of staffing at an Agency, and by inference, the level of funding for tribal social services contracts, to the number of active GA cases, which encourages high GA caseloads, and penalizes tribes and Agencies that succeed in assisting GA recipients to obtain job training and employment. Does the BIA envision changing the weighted caseload method of staffing and funding?

Answer: The Bureau plans to adjust incentives for both tribes and social services staff to reward efforts to move individuals from the GA rolls.

Question 23: Under the weighted caseload method of funding and staffing, as contained in 66 BIAM, complex casework services such as family and child welfare casework, or assisting GA recipients to obtain job training, are defined as "service only," and in practice, given a weight of 1 out of a possible 4. Does the BIA envision recognizing the complex array of case work and support services that are needed to assist GA recipients to obtain job training and employment? Does the BIA envision changing the term "service only" to a series of terms that are more realistic of workload?

Answer: The Bureau has been analyzing its staffing ratio in regard to complexity of cases and will attempt to adjust the application of existing staff resources to reflect the new workfare initiative. Presently, social services is on the Indian Priority System (IPS) and the distribution of social services administrative funding is limited by tribal priorities. Because of the potential for workload revision required by changes in the administration of this program, continuation of the program on the IPS will require careful consideration.

Question 24: On a given reservation with, for example, a GA caseload of 1600, there may be 800 employable recipients. How would the BIA envision having these 800 GA recipients obtain work, enroll in training programs, or participate in "self-help" projects, when the only employment sources on the reservation are the BIA agency, the Indian Health Service, the tribal government and the local school district, and where the unemployment rate for non-Indians in the nearest off-reservation community is high because of the closure of the mines or other industry?

Answer: In the referenced example where 800 employable recipients would be available and the possibility of employment would be quite low, the tribe involved could be requested to prepare a list of community construction projects that would require participation by employable adults. These projects would be prioritized and recipients would be referred to the various projects for participation.

Question 25: In earlier drafts of the BIA budget, the BIA proposed pilot projects in FY 1988 in order to test various approaches to social services and employment development. Why has the BIA abandoned the pilot project approach?

Answer: The Bureau abandoned the pilot project approach to social services and economic development initiatives because it was felt that nationwide implementation would be beneficial to all Indian people and that delays would unmercifully hamper reform of the present system.

Question 26: Several states have tried different approaches to "workfare" and training for AFDC recipients. What have been the results of those approaches in the rural and isolated areas of those states?

Answer: Currently, states have very little experience in training AFDC recipients for workfare type programs in rural and isolated locations. The WIN projects have been exempted or waived for rural and isolated locations within the states.

Question 27: What would be the total amount of funding needed for General Assistance direct financial assistance payments in FY 1988, if the "Economic Self-Assistance" initiative were not implemented, and current AFDC payment levels in the states remain constant?

Answer: The FY 1988 estimate for General Assistance is based on the projected need without respect to the self-assistance initiative. As the Self-Assistance program is implemented, over the long term, possible changes in the caseload are expected.

Question 28: If a tribe proposes to combine General Assistance with Employment Assistance in order to encourage GA recipients to obtain training, does the BIA currently have the authority to provide a waiver of regulations? Have any tribes requested such policy waivers within the past two fiscal years?

Answer: The Assistant Secretary has the authority to grant a waiver to combine GA and EA funds. However, in the best interest of the GA and EA programs, it would be best to revise present regulations to permit this combining of funds.

Question 29: Has the Quality Control ADP system been modified to accommodate the social services casework and employment related activities that would occur under the "Economic Self-Assistance" initiative?

Answer: There is no "Quality Control ADP system". There is a social services ADP system which collects caseload and expenditure data; however, it has no quality control component, nor has it been modified to accommodate the social services casework and employment related activities that would occur under the workfare initiative. This initiative will require implementation of a new statistical information system to collect quality control and other pertinent data to measure success of the initiative. The Bureau will begin collecting this data at the onset of this initiative and has started to plan how this data might be integrated within the current method of collecting casework data.

Question 30: The BIA budget displays an average Self-Assistance benefit per participant per month of $124. Would this benefit be a fixed amount, or would it depend upon the type of work/training/"self-help" activity the participant would engage in?

Answer: The figure represents an average estimate of the amounts provided for incentive payment, training and work experience. Actual benefits for individual participants would be determined by the needs of the individual.

Question 31: The BIA budget (page BIA-83) states: "Where General Assistance payments are made to families with children, the Bureau will continue to provide basic support for the children." Does this mean that the BIA plans to change the basis of financial assistance for the adult members of the household?

Answer: Specific information regarding this aspect of the program is contingent upon the development of regulations for the Self-Assistance program. Currently, the Bureau is in the process of proposing regulations which will address these requirements and criteria.

Question 32: The BIA budget (page BIA-83) states that the proposed regulations will, in the case of single adults: "Insist that all persons on the reservation receiving money from General Assistance must work, or be enrolled in a training program designed (sic) for gaining full employment, or participate in a self-help activity in order to receive benefits." Would this requirement include widows with no dependent children in the home who have been homemakers their entire lives, and who have not yet reached age 65, and therefore, cannot collect on their husbands' Social Security benefits?

Answer: There would be no exemption for widows without dependents and under age 65.

Question 33: Would the work requirement include childless couples over the age of 45 who have lost their source of employment due to mine closures or other industries?

Answer: There would be no exemption for employable persons who have lost employment due to circumstances beyond their control.

Question 34: Many tribes currently have systems in place for coordinating social services, employment assistance, JTPA and adult literacy programs. How would these programs be affected by the new initiative?

Answer: This new initiative would place emphasis upon getting General Assistance clients off GA and into employment. Those tribes which have a coordinated system that includes the above four Bureau programs would be required to place emphasis upon the General Assistance clients. In all probability this would not be a change since this is why they developed their coordinated system in the first place.

Law Enforcement

Question 35: Please provide the committee with a list of major criminal cases presented by the Special Investigations Unit in FY 1986, by Area, to the U.S. Attorney's Office, along with the number of those cases which were accepted for prosecution.

Answer: The Special Investigation Unit was funded for the first time in the FY 1987 appropriation. We are in the process of establishing that unit now.

Question 36: Please provide the committee with a chronological list of incidents that the Special Operations Services Unit responded to in FY 1986, by reservation, type of incident and amount of manpower committed per incident.

Answer: The Special Operations Service Unit (SOS) did not respond to any incidents in FY 1986 requiring tactical operations. For SOS tactical training and firearms training refer to attachment A.

Question 37: Please provide a listing of the inspections and evaluations conducted by the Inspection and Evaluation Unit in FY 1986.

Answer: The Inspection and Evaluation unit completed the following activities during FY 1986: Initial Inspections - 4; Investigations - 4; Special Assignments - 10. For the I & E activities for FY 1986, refer to attachment B.

Question 38: Please provide the Committee with the number of BIA officers by Agency, and the number of tribal officers by tribe, trained at the Indian Police Academy in FY 1986. Please provide the per officer cost of training, including travel costs and per diem.

Answer: The following is a breakdown by agency/organization of the list of 34 BIA and 207 Tribal officers receiving Basic Police training at the Indian Police Academy during FY 1986. The basic cost of training fluctuates because of travel; however, the average costs are as follows:

Cost per officer =	$2,861.00
Per diem (2.00 per day x 68 days =	$ 136.00
Transportation average cost (round trip) =	$ 612.00

This cost does not reflect the annual $150,000 payment to the Federal Law Enforcement Training Center, nor does it reflect the cost associated with supplies, materials and salaries for Indian Police Academy staff and/or contracted instructor costs. The following is a breakdown of officers receiving training.

Tribal Officers by Tribe	207
Nisqually Police	2
Fond Du Loc Conservation	5
Hopi (Rangers)	4
Navajo (Forestry)	2
Sault Public Safety & Conservation	4
Grand Portage Conservation	3
Ft. Hall Law & Order	4
Cheyenne River Police Department	6
Kiowa Tribal Complex	2
Zuni Police Department	2
Menominee Police	16
Jicarilla Game & Fish	4
Jicarilla Police	8
Southern Ute Police	5
Leech Lake Resource Management	2
TE-Moak Police	2
College of Ganado	2
Yakima Tribal Police Department	2
Squaxin Island Police Department	2
Coeur D'Alene Police Department	2
O.S.T. Public Safety	6
Shoshone - Bannock	4
Quinault Nation Police Department	6
Pawnee Tribal Police Department	2
Chiloquin Tribal Police Department	2
Mille Lacs Reserv. D.N.R. Enforcement	4
Comanche Nation Bingo	2
Chemehuevi Wildlife Law Enforcement	2
Salt River Depart. of Public Safety	8
Colorado River Police Department	2
Cabazon Band of Mission Indian	2
Potawatomi Tribal Police Department	2
Macy Police Department (Winnebago)	1
Confederated Salish & Kootenai	3
Nez Perce Tribe	2
Burns Paiute Tribal Police Depart.	1
Crow Tribal Police Department	2
Ak-Chin Indian Communit Police	1
Fallon Paiute/Shoshone Tribal Police	2
Omaha Tribal Police Department	2
Sault Tribe of Chippewa Indians	4
Leech Lake Tribal Fish & Game Law Enf.	2
Muckleshoot Tribal Fisheries Eng.	4
San Carlos Tribal Police Depart.	2
Otoe-Missouria Tribal Police Dept.	2
Blackfeet Tribal Juvenile Office	2
Bay Mills Indian Community Conserv.	1
Kaw Tribal Security Guard	2
Belcourt Tribal Police Department	2
Mescalero Tribal Fish & Game	2
Ute Mountain Tribal Police	4
C.R.I.T. Fish & Game Department	2
Choctaw Law Enforcement Services	16
Colville Tribal Police Department	1
Hannahville Police Department	1

Lummi Law Enforcement	1
Elko Band Tribal Police Department	2
Goshute Tribal Police Department	2
Chippewa Cree Tribal Law Enforcement	2
Las Vegass Colony Police Department	2
Oglala Sioux Tribal Public Safety	3
Northern Cheyenne Tribal Police	3

BIA Officers by Agency	34
Ft. Peck Agency	6
Blackfeet Law and Order	4
Turtle Mountain Agency	2
Northern Cheyenne Agency Law Enforce.	4
Red Lake Law Enforcement CIR	4
Standing Rock Law Enforcement	1
Northern Idaho Agency Law Enforce.	4
Olympic Pennisula Agency (Forestry)	2
Wind River Agency Law Enforcement	2
Crow Creek Agency Law Enforcement	2
Truxton Canon Agency Law Enforcement	2
Blackfeet Agency Law Enforcement	1

Question 39: Please provide the Committee with a detailed list of law enforcement related matters the Special Law Enforcement program responded to in FY 1986 by: (a) judicial decisions that awarded expanded Federal jurisdiction; (b) states that returned jurisdiction to the Secretary of the Interior; (c) a list of tribes that retroceded law enforcement contracts: (d) confrontational and disruptive activities; and (e) special narcotic control investigations.

Answer: (a) There were no judicial decisions in FY 1986 which impacted on the Special Law Enforcement Program. (b) One state (Nebraska) returned jurisdiction of Law Enforcement to the Secretary of Interior. (c) The Uintah & Ouray tribe retroceded the law enforcement contract. (d) There were two confrontational situations which required assistance from the Special Law Enforcement Program: Navajo/Hopi Relocation and Red Lake reservation. (e) One narcotics investigation in FY 1986 - Hoopa Valley Reservation.

Question 40: Of the total amount of funds provided in FY 1987 for Tribe/Agency law enforcement, what amount and percentage of total funds were contracted to tribal governments under P.L. 93-638 contracts?

Answer: In FY 1986, $27,169,000 or 71% of the $38,124,000 Tribe/Agency allocation was contracted through P.L. 93-638. An FY 1987 status of obligations computer run of 1/31/87 reflected contracting of $27,587,000 or 64.6% of the Tribe/Agency allocation of $42,715,000. We will not have a realistic picture until the mid year status of obligation has been run which could reflect a number of adjustments.

Question 41: Please provide the Committee with a list of tribal governments that operate law enforcement services on Indian lands.

Answer: For a directory of BIA and tribal law enforcement operations refer to attachment C.

Question 42: With Contract Support Funds factored out, the increase in Tribe/Agency Law Enforcement from FY 1987 ($42,715,000) to FY 1988 ($44,799,000) is $2,084,000 or 4.6%. Given an increase in 47 FTEs for BIA operations, how much of the increase will go to tribal P.L. 93-638 law enforcement contracts?

Answer: The personnel cost for the 47 FTE would be $775,500, using an average BIA FTE cost of $16,500. This would leave $1,308,500 for Tribal P.L. 93-638 contracts.

Question 43: What is the average cost per FTE for BIA law enforcement? What is the average cost for tribal law enforcement officers?

Answer: The estimated average cost for a BIA FTE is $16,500. We are unable to report an average cost for tribal law enforcement personnel as we do not have that information.

Question 44: What was the average number of complaints investigated by BIA officers per officer in FY 1986? What was the average number of complaints investigated by tribal officers per officer in FY 1986?

Answer: We can provide national totals for FY 1985 but FY 1986 data has not been compiled. We are unable to average out the complaints per BIA and tribal officers, as our system does not have the capability to track this information. However, we are in the process of implementing a new integrated Police Law Enforcement Management System which should enable us to provide this type of information by October 1, 1987.

INCIDENTS

Felony	4,442
Misdemeanor	97,235
Traffic	45,258
Non-enforcement*	708,025
Other	1,232
Total	856,187

* Non-enforcement incidents consist of any service provided which is not direct enforcement in nature but requires documentation, i.e., delivery of an emergency package; law enforcement orientation, etc.

Question 45: It is the understanding of the Committee that the $248,000 increase over the FY 1988 base is for the purpose of increasing the annual on-going base level funding for tribal law enforcement contracts in Western Nevada and for the Mississippi Band of Choctaws. Is this a correct understanding? What is the status of funding for these law enforcement programs, given the earmarked increases in the FY 1986 Interior Appropriations Act?

Answer: The increase simply moves the Congressional earmarking to the Tribe/Agency category. It does not increase the actual amounts which have been provided in the two programs.

Self-Determination Services

Question 46: According to the latest available BIA labor force estimates, please provide the Committee with a list of tribal governments that have a population of at least 150, but not more than 1500.

Answer: Listed below are tribes in the continental U.S. that have a population of at least 150, but not more than 1,500. A list of Alaska Native villages with populations from 150-1,500 will be provided to the Committee as soon as it is received from our Juneau Area Office.

Tribe	Population
Flandreau Reservation (SD)	449
Lower Brule Reservation (SD)	1,032
Santee Sioux Reservation (NE)	519
Winnebago Reservation (NE)	1,235
Nambe Pueblo (NM)	411
Picuris Pueblo (NM)	219
San Ildefonso Pueblo (NM)	620
Taos Pueblo (NM)	1,484
Tesuque Pueblo (NM)	307
Conchiti Pueblo (NM)	917
Sandia Pueblo (NM)	251
Santa Ana Pueblo (NM)	549
Zia Pueblo (NM)	677
Southern Ute Reservation (CO)	910
Ute Mountain Reservation (CO)	1,329
Apache Tribe (OK)	685
Caddo Tribe (OK)	908
Delaware Tribe (OK)	311
Wichita Tribe (OK)	886
Iowa Tribe (KS,NE)	461
Kickapoo Tribe (KS)	585
Prairie Band Potawat. (KS)	1,315
Kaw Tribe (OK)	538
Otoe-Missouria Tribe (OK)	1,315
Tonkawa Tribe (OK)	1,421
Absentee-Shawnee Tribe (OK)	1,177
Iowa Tribe (OK)	174
Kickapoo Tribe (OK,TX)	1,448
Sac & Fox Tribe (OK)	918
Maliseet Indians (ME)	289
Miccosukee Tribe (FL)	488
Passamaquoddy Tribe (ME)	1,481
Penobscot Tribe (ME)	1,181
Chitimacha Tribe (LA)	246
Coushatta Tribe (LA)	537
Tunica-Biloxi Tribe (LA)	153
Cayuga Nation (NY)	421
Onondaga Nation (NY)	1,034
Tonowanda Band of Senaca Indians (NY)	689
Tuscarora Nation (NY)	664

Question 47: What portion of the available funds for the Small Tribe Core Management grants was actually obligated in FY 1986, and FY 1987.

Answer: In FY 1986 100% of the available funding for Small Tribes Core Management grants was obligated; in FY 1987, 100% fund obligation is expected.

Question 48: What arrangements will be made to provide "specialized technical assistance" to small tribes? Will BIA staff provide the technical asistance?

Answer: No special arrangements have been made to provide specialized technical assistance to small tribes. Tribes receiving such assistance, small and large, will be selected by (1) self-selection, i.e., request from the tribe, or (2) by referral from a Bureau Area Office or field OIG based on audit findings. Any recipient or participating tribe must meet the criteria as outlined in the FY 1988 Budget Justification and make a commitment to make serious efforts to address and resolve its problems. The assistance under the specialized technical assistance initiative is provided by a team composed of two Bureau staff and two Department staff. As the workload increases, i.e., more tribes than the current four receive assistance, the team will expand and/or new teams will be created.

Question 49: According to the budget justification, page BIA-100, the BIA is expected to spend $900,000 to assist 12 tribes with technical assistance. How was the average figure of $75,000 per tribe?

Answer: The figure of $75,000 per tribe was derived by dividing the 12 tribes into the total funding of $900,000. The actual size of the technical assistance grants will be based on applications received and the scope of the work.

Tribal Government Services

Question 50: Please provide a description of the juvenile alcohol and drug abuse adjudication training activities that have taken place in FY 1987, including the number of training sessions and the number of participants.

Answer: To date, there have not been any training sessions performed with FY 1987 monies allocated by Congress for alcohol and drug abuse. The delay is due to reprogramming activities that have been initiated by the Bureau. However, a tentative allocation plan has been developed that would provide three national training sessions for judges and court personnel that would provide training to approximately 150 personnel. In addition to national training, each area office will receive funds to provide training and training materials for interdisciplinary groups working as child protection units. It is anticipated that hundreds of Bureau and tribal direct service providers will receive training through this method of dissemination of information and training.

It is proposed that two to three trainers would be hired to provide field training to judges and court personnel who might not receive training through the national training activities. The number of personnel trained on site would be subject to identification of court personnel not covered by national training sessions.

Finally, funds have been designated for special court and community projects that will be dictated by local needs.

Question 51: Please provide a description of the content of the training sessions that have been held in FY 1987.

Answer: The content for the three national training sessions will be developed by the National Indian Justice Training Center, which is under current contract for court training, and has not been fully developed as of this date. However, the Center has developed and taught courses regarding child abuse and neglect and which also touch on alcohol and drug abuse related issues. Such materials will serve as a cross reference base for developing the alcohol and drug abuse courses.

Local training by the area offices and child protection units will be subject to their identified local needs and will be developed in conjunction with various interdisciplinary and tribal groups who serve as the child protection units.

Question 52: Please provide a description of the planning that has taken place to ensure that such training will be a component of ongoing court training activity.

Answer: The Bureau currently has an on-going training program for tribal court personnel under a contractual arrangement with the National Indian Justice Center. The content of juvenile alcohol and drug abuse adjudication training activities will be incorporated into the Center's schedule of training activities. The training for the child protection units will be aimed at training "trainers," who in turn will continue the training with the various interdisciplinary members, and the community at large.

Attachment A

Special Operation Services: Training for FY 86

October 10 to 11, 1985	To instruct Firearms at Southern Ute Police Department, Ignacio, Colorado.
March 5 to 22, 1986	Eastern Nevada Agency, Elko, Nevada Detailed as Criminal Investigator and during detail at this Agency will be doing Firearms Certifications.
May 10 to 25, 1986	Northern Idaho Agency, Lapwai, Idaho. To assist with Law Enforcement Program and conduct Firearms Training.
June 26 to July 3, 1986	Window Rock, Arizona - Navajo Division of Public Safety. To instruct Tact training at Navajo Police Department.
August 17 to 23, 1986	Window Rock, Arizona - Navajo Division of Public Safety. To instruct Tact training at Navajo Police Department.
Sept. 3 to 7, 1986	Eastern Nevada Agency, Elko, Nevada. Firearms Training and Qualifications.
October 20 to 22, 1986	Firearms Training and Qualification at Southern Pueblos Agency, Bernalillo, N.M.
Nov. 13 to 16, 1986	Mescalero Agency, Mescalero, New Mexico Firearms Training and Qualifications.
Sept. 24 to 25, 1986	Indian Police Academy, Marana, Arizona To provide instructions on the Offense/Incident Report Forms
Sept. 30, 1986	Indian Police Academy, Marana, Arizona To provide instructions on the Offense/Incident Report Forms

Attachment B

STATUS OF REPORTS

INSPECTION & EVALUATION UNIT

RESERVATION PROGRAM	SCHEDULED/NOT SCHEDULED OR OTHER ASSIGNMENT	INSPECTOR ASSIGNED	DATES ASSIGNED	INITIAL REPORT DATE COMPLETED	FOLLOW-UP REPORT DATE COMPLETED	LETTER PREPARED
Mescalero Agency	Allegation of misconduct BIA Officer *	J. Spencer	10/29-30, '85	11/21/85		
Hopi-Navajo	Shooting death, BIA Hopi-Navajo Police	W. King	11/18-21, '85	12/02/85		
Indian Police Academy	Training: Archeological Resources Investigations	J. Roy	11/03-08, '85	N/A		
Penboscot, Me.	Scheduled Inspection of contract LE program	J. Roy	12/02-06, '85	**		
Michigan Agency	Allegation of misconduct BIA F/G Officer	W. King	12/16-18, '85	01/09/86		
Phoenix Arizona	Training: Investigation of Police Shootings	W. King J. Roy ~~J. Spencer~~	01/05-10, '86	N/A		
Indian Police Academy	Training: Instructor duties	W. King	01/13-15, '86	N/A		
Passamaquoddy, Me	Scheduled Inspection of contract LE program	J. Spencer	01/21-24, '86	**		
Choctaw Agency Miss.	Scheduled Inspection of contract program	J. Roy	01/27-31, '86	**		
	March, Inspector Jack Spencer trans. to E. Nevada Agency					
Phoenix Area Office	LES meeting with Phoenix Area LES Staff	W. King	03/24-25, '86	N/A		
Fort Peck Agency Montana	Task Force member; Child Abuse Inquiry	W. King	04/10-14, '86	05/29/86		
Reno, Nevada	National LES Meeting	J. Roy	05/19-23, '86	N/A		
Northern Pueblos Agency, N. Mexico	Scheduled Inspection of BIA LE program	W. King F. Adaki	06/10-12, '86	06/27/86		

Attachment 5

STATUS OF REPORTS

INSPECTION & EVALUATION UNIT

RESERVATION PROGRAM	SCHEDULED/NOT SCHEDULED OR OTHER ASSIGNMENT	INSPECTOR ASSIGNED	DATES ASSIGNED	INITIAL REPORT DATE COMPLETED	FOLLOW-UP REPORT DATE COMPLETED	LETTER PREPARED	
Hopi-Navajo Area	Detailed to assist Law Enforcement Program	W. King	07/02-11, '86	N/A			
Albuquerque Area Office	Detailed as Acting Area Special Officer	W. King	08/11-22, '86	N/A			
National Meeting Washington, D.C.	Child Sexual Abuse and related violations	J. Roy	08/26-28, '86	N/A			
Fort Defiance Agency	Allegation of misuse of gov't vehicle	W. King	09/03/86	09/12/86			
Colville Agency Washington	Technical Assistance to contract LE program	W. King	09/24-30, '86	/A			
	INITIAL INSPECTIONS 4 INVESTIGATIONS 4	*Priority reports **Inspection reports required additional revision					
	SPECIAL ASSIGNMENTS 10 18						

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Office of the Assistant Secretary
for Legislation
Washington, D.C. 20201

The Honorable Daniel K. Inouye
Chairman
Select Committee on Indian Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are responses to questions submitted to the Administration on Native Americans and to the Indian Health Service (IHS) as follow-up to your February 19, 1987, hearing on the IHS budget.

If there are questions about this material, or if we can be of any further assistance, please do not hesitate to contact me.

Sincerely yours,

Patricia Knight

Patricia Knight
Deputy Assistant Secretary
for Legislation (Health)

The Department of Health and Human Services Response to Questions Raised by the Senate Select Committee on Indian Affairs Subsequent to the February 19, 1987 Hearing on the Fiscal Year 1988 Budget Request for the Indian Health Service.

The following questions were submitted in letters dated February 20 and February 24, 1987, from the Chairman of the Senate Select Committee on Indian Affairs, Daniel K. Inouye to the Secretary, Department of Health and Human Services, Otis R. Bowen. Topics identifications have been retained, and in some cases added, but some questions have been renumbered sequentially to avoid confusion.

Submissions by Senator Inouye

Resource Allocation Methodology (RAM)

1. Question: Have detailed instructions gone out to the Area Directors, following the December 19, 1986 memorandum, to provide guidance on how the Areas should reduce their operating budgets for FY 1987? Are there any instructions providing protection against targetting reductions on direct clinical services?

   Answer: No additional detailed instructions have gone out to the Area Directors subsequent to the December 29, 1986 memorandum. Within medical priorities, it is the IHS policy and inherent in our day to day management practices to the extent possible to protect against reductions in direct clinical services whether provided in IHS or IHS funded facilities or through the contract health program.

2. Question: What is the amount of Hospitals and Clinics, Dental and Contract Health Services funds that are being taken from each Area? Please provide a table showing those amounts, by program, and by Area or Program Office.

   Answer: First, it should be understood that, with an exception of funding a small shortfall in FY 1987, the amounts taken from each Area represent a contribution to a fund that will be reallocated to the Areas utilizing a methodology designed to achieve equity.

The initial reduction by Area is as follows:

TABLE I

Areas	Hospitals and Clinics	Dental	Contract Health Services	Totals
Aberdeen	$716	$40	$423	$1179
Albuquerque	574	46	228	848
Alaska	1526	58	399	1983
Bemidji	394	17	197	608
Billings	417	32	384	833
California	429	7	11	447
Nashville	353	11	169	533
Navajo	1258	82	374	1714
Oklahoma	1132	88	342	1562
Phoenix	1028	43	298	1369
Portland	298	27	409	734
Tucson	163	6	91	260
TOTALS	$8288	$457	$3325	$12,100

3. Question: Have the Area Offices reported to Headquarters any impacts of the 2% reduction being taken in the second quarter of the fiscal year? What level of funding were Area Offices operating at during the first quarter?

   Answer: No Area Offices have reported any impacts. Area Offices were funded at twenty five (25) per cent of their FY 1986 recurring base for the first quarter of FY 1987. In addition, a substantial but as yet undetermined portion of the 2% will eventually go back to the Areas.

4. Question: Does the timing of the ARAM implementation (i.e., full recurring levels during the first quarter of FY 1987, reduced amounts in the second quarter, and redistributed amounts during the last half of the fiscal year) have any impacts on budget planning and control at the Area level?

   Answer: It should have little if any impact on Area operations.

5. Question: Does the 2% reduction in Hospitals and Clinics, Dental and Contract Health Services dollars include amounts that are allocated in FY 1987 to Headquarters East, Headquarters West and the Tucson Office of Research and Development?

   Answer: The reduction was applied to Headquarters East and West and Tucson, Office of Research Development.

6. Question: Is it correct that Headquarters plans to use some portion of the 2% fund to partially offset costs for physician recruitment and the National Medical Expenditure Survey? If so, how much of the 2% will be used for these purposes?

Answer: Those two items were part of the increased costs that have to be paid nationally. It is estimated that almost all of the reduction will be redistributed.

7. Question: When will funds be reallocated to the Areas?

Answer: The funds will be reallocated during the third quarter.

8. Question: How long will it take to run the computer program to apply the ARAM to the 2%?

Answer: Distribution of funding for FY 1987 by ARAM to Area Offices is scheduled for completion by mid-March. The process used to distribute funds includes a number of steps: (1) service units and contractors gather and submit necessary data; (2) Area Offices "cost out" the health services for each service unit and contractor by the Resource Requirements Methodology (RRM); (3) funding needs are compared with available resources to develop priority rankings of service units and contractors; (4) IHS Headquarters consolidates the priority rankings into Area priority rankings; (5) IHS Headquarters applies ARAM funding criteria in conjunction with consolidated Area priority rankings to determine each Area's allocation. Steps 2, 3, and 5 are automated. The entire process takes approximately 3 months to complete.

9. Question: What is the status of the funds during the time they are being held at Headquarters?

Answer: The funds are held in reserve and upon application of the Resource Allocation Methodology will be reallocated to the IHS Areas.

10. Question: It is our understanding that Indian tribal governments were given assurances that RAM would not impact tribal health programs operated under self-determination contracts that began before April 1, 1987. Is this still the intention of Headquarters?

Answer: Since the allocations are directly related to the appropriation, the IHS would not make a commitment of this nature prior to the enactment of an annual appropriation. To exempt some tribal contractors based solely on the contract performance period would violate all principles association with achieving equity.

11. Question: In what way are tribal health programs being impacted by the application of ARAM?

Answer: Tribal health programs are not directly impacted by ARAM. Area Resource Allocation Methodology (ARAM) will be used to distribute funds among the 12 Area Offices. Service Unit Resource Allocation Methodology (SURAM) will be used by Area Offices to distribute Area resources to IHS and tribally operated health programs.

Section 106(h) of the Indian Self-Determination Act (P.L. 93-638) requires the IHS to fund programs contracted under P.L. 93-638 at not less than the level IHS would have provided if the programs were operated by the IHS. The application of the SURAM to all IHS and tribally operated health programs will be consistent with this requirement.

12. Question: At the Reno and Tulsa conferences on RAM, participants were asked to fill out "COMCARDS" if they had questions. What is the status of responding to those questions?

Answer: There were 356 comments, suggestions, and recommendations documented on COMCARDS at the Resource Allocation Methodology (RAM) Executive Workshop July 22-25, 1986 in Reno and at the Health Program Management Cost Workshop October 21-24, 1986 in Tulsa. These comments, suggestions, and recommendations, along with 379 written comments received on the Draft RAM Policy, have been carefully considered in developing the RAM Policy.

13. Question: Has the Indian Health Service prepared final reports on the outcome of the RAM pilot projects at Norton Sound and at Mississippi Choctaw?

Answer: No final report is planned. The lessons learned working together with officials of the Mississippi Band of Choctaw Indians and the Norton Sound Health Corporation, as well as the 356 COMCARDS and 379 written comments on the Draft RAM Policy have been carefully considered in developing the RAM Policy.

14. Question: What is the status of efforts to develop an administrative cost module, as part of RAM, as a substitute for reimbursing tribal indirect costs for PL 93-638 contracts?

Answer: IHS has an administrative cost module currently in place. This module was developed, in part, through the two pilot projects. Due to widespread concern that a test using only 2 sites was insufficient, the IHS has decided to allow contractors the choice of the RRM cost module or actual historical contract support and administrative costs in the RAM for FY 1987 and FY 1988. The historical costs obtained during this 2-year period will be used to refine the administrative cost module for use beginning in FY 1989.

15. Question: How are Medicare/Medicaid collections at the service units being treated in the FY 1987 application of RAM?

Answer: In order to provide additional incentive to encourage the collection of alternate resources, and pending evaluation of the results of the study, 30 percent of Medicare and Medicaid collections will not be counted as available resources. The only alternate resource the IHS will count as an available resource is 70 percent of Medicare/Medicaid collections. Medicare and Medicaid collections are required to be used to attain and maintain JCAH standards. However, collections expended for that purpose for items not included in the RRM, such as major capital equipment, will not be counted as available resources.

16. Question: Are other alternative resources being included in RAM in the FY 1987 application?

Answer: The Director, IHS, has appointed a study group to assess the feasibility and impact on the equity/efficiency goals of incorporating alternate resources in the RAM after FY 1988. The study group's activities will include development of a system to establish the target for collection of alternate resources, considering the potential for such collection, by IHS and tribal P.L. 93-638 contractors. The results of this study will be shared with Indian tribes and any proposed implementation of these results will be taken only after consultation with tribes.

17. Question: What is the status of efforts to identify deficiencies in the Ambulatory Patient Care (APC), the Patient Care Information System (PCIS) and the Contract Health Services "piggyback" data systems?

Answer: The IHS Patient Care Information System (PCIS) is currently supported by the IBM 4341 mainframe computer at the IHS Data Center in Albuquerque. The PCIS is in use at the Tucson, Alaska and Billings Areas to support the process and the management of health care delivery. In order to make the benefits of the PCIS more widely available within IHS, the PCIS has been reprogrammed as the Patient Care Component (PCC) of the evolving IHS Resource and Patient Management System (RPMS). The PCC will be operable on all of the more than 300 computer systems being procured for IHS. The initial reprogramming of PCIS into the RPMS PCC component is complete and full scale testing will begin at the Tucson Area within the next month, as soon as the downloading of more than ten years of historical medical data is completed. Installation of the PCC on RPMS computers in Alaska and Billings Areas will be completed later this year. Installation at other IHS Areas will follow.

It is planned to redevelop the Ambulatory Patient Care (APC) system as part of the RPMS, in order to increase its usefulness at the local facility and various levels of management. A clinician's professional specialty group (PSG) has been formed to determine how the medical information systems, including APC, need to be redeveloped. A preliminary meeting of the PSG was held in Tucson during February 3-5, 1987. As a first step, the PSG is assessing the work that has been done on the Patient Care Component (PCC), the enhancement of the Patient Care Information System (PCIS) which is discussed above. The PSG will determine what further changes, if any, need to be made to the ambulatory medical and inpatient systems that are part of PCC.

In FY 1987, the IHS began using a fiscal intermediary (FI) to process contract health services (CHS) claims. For the claims that the FI processes, the FI is required to submit the appropriate CHS workload data into the CHS "piggyback" system. IHS has been monitoring these submissions, and has informed the FI of all data problems. A meeting was held with the FI in Albuquerque during February 23-26, 1987, to discuss resolution of the problems. IHS expects that the "piggyback" data problems with the FI will be resolved in the near future.

For those CHS claims that are not being processed by the FI, the Areas are still required to submit the appropriate CHS workload data into the CHS "piggyback" system. In order to make this a more efficient, effective, and accurate data entry process, the IHS has been working on the development of a Contract Health Services/Management Information System (CHS/MIS). The CHS/MIS currently operates on NCR computers at selected IHS Areas and Service Units. In order to make the benefits of automated CHS management available at all IHS health care delivery points, the CHS/MIS has been reprogrammed as a module of the IHS Resource and Patient Management System (RPMS). The new CHS module is now in test at several IHS Areas. The new module will be supportable on all of the more than 300 RPMS computer systems that are currently in procurement.

18. Question: What is the source of inpatient cost and outpatient costs for RAM? Is RAM using actual cost per inpatient day and actual cost per outpatient visit, or are proxy values being used for these cost factors? If proxy values are being used, what are they, and what cost or expenditure data are they based upon?

Answer: The IHS uses the manpower and cost standards contained in the RRM to estimate the necessary unit costs of inpatient and ambulatory services. The RRM provides IHS with a uniform cost finding method which considers delivery practices that are common in all IHS supported health care delivery programs, different delivery modes or operational practices, and locally variable costs. Thus, the estimated inpatient and ambulatory costs are based upon a combination of national standards (e.g., 1 physician per 4,400 visits), different operational modes (direct or CHS), and actual local costs (e.g., utilities, rent, etc.).

19. Question: What data are being used to calculate Years of Productive Life Lost (YPLL) for each Area?

Answer: Years of Productive Life Lost (YPLL) is a mortality index which is calculated by summing the difference between age 65 and the age at death, for all deaths occurring at age less than 65. American Indian and Alaska Native mortality statistics are derived from data furnished annually to the IHS by the National Center for Health Statistics (NCHS). NCHS obtains death records for all U.S. residents from the State departments of health, based on information reported on official State birth and death certificates. Those records identified as pertaining to American Indians and Alaska Natives are provided to IHS.

20. Question: What are the roles of Headquarters West and Tucson Office of Research and Development in the compilation and analysis of data for use in ARAM applications?

Answer: Neither Headquarters West nor the Tucson Office of Research and Development are directly involved in the compilation and analysis of data for RAM excepting submission of data for their local programs. RAM consisted of 3 major process steps: (1) service units programs submit data; (2) Area Offices process data in the RRM and SURAM; (3) Rockville Headquarters process data for ARAM.

21. Question: How soon does the Indian Health Service anticipate that complete analyses of ARAM factors will be available for each Area?

Answer: IHS is scheduled to complete the ARAM analysis and distribution for FY 1987 in by April 30. The associated "ARAM Factors" which are actually distribution parameters such as the weight given to health conditions in the allocation model will be distributed to Area Offices with the ARAM funding.

22. Question: Once the ARAM distribution for FY 1987 is completed, what are the instructions to Areas for implementing SURAM applications?

Answer: The Areas will have already completed the bulk of analysis and work necessary for SURAM as part of the analysis for ARAM. ARAM uses the consolidated funding priority rankings submitted by each Area for distributing funds to Area Offices. The Areas will use their service unit priority rankings for distribution to service units and contractors. IHS Headquarters will provide uniform "allocation parameters," such as the weights for needs and performance factors, that each Area will use in conjunction with the priority rankings to develop their final funding distribution.

HOSPITALS AND CLINICS

23. Question: How would each IHS Area be affected by a 12% reduction from the FY 1988 current services level of funding? Please provide a list of hospitals and clinics for each Area, that would tentatively be slated for closure, given the 12% reduction.

Answer: The RAM methodology would be utilized to deal with any such action but we do not now have the RAM data upon which such decisions would be based.

24. Question: how many FTEs would be reduced in each Area, given a 12% reduction from the current services level? How many of the FTEs would be physicians, and how many would be nurses (sic) positions?

Answer: Assuming there is no increase in third-party reimbursements, applying the 12% reduction to physician and nursing positions would result in reductions of approximately 60-70 physicians and 200 nursing FTE's. Specific FTE reductions for each Area have not been calculated. The FTE reductions would be equitably distributed across areas.

25. Question: What level of funding would have been needed in order to maintain the FY 1986 current services level for Hospitals and Clinics in FY 1987? What level of funding would IHS need in FY 1988 to maintain the FY 1986 level of services in Hospitals and Clinics?

Answer: Total appropriations for Hospitals and Clinics (H & C) for fiscal year (FY) 1986 was $460,025,000 and total obligations, including third-party collections, were $522 million. To maintain the FY 1986 level of H & C services in FY 1987 would have required an appropriation of $500,802,000, which is 4 percent more than the $479,767,000 actually appropriated. Assuming no increases in efficiency and productivity, maintaining the FY 1986 level of H & C services in FY 1988 would require $522,414,000, which is 13 percent more than the budget request.

DENTAL SERVICES

26. Question: What would be the impact of a reduction of $1,214,000 from the FY 1988 current services level for Dental Services in the service units?

Answer: In order to provide greater equity of funding between programs, the Dental Resource Allocation Methodology (DeRAM) will be used to distribute any change in available resources with the individual programs, based on local conditions, taking whatever steps are necessary to operate within their budget.

27. Question: Where would the reduction of 5 FTEs be taken?

Answer: Since there is a provision in the Appropriations Act that prohibits personnel ceilings, the amount of resources available determines the FTE's purchased. Any needed reduction in FTE's would be made in a similar fashion to that of any decrease in funding.

MENTAL HEALTH

28. Question: What would be the impact of a reduction of 5,000 client contacts in FY 1988 for Mental Health Services?

Answer: Programs would continue to apply medical priorities to be sure that those most in need, i.e, seriously ill, suicidal, receive service.

29. Question: Where would the reduction of 1 FTE be taken?

Answer: The reduction of one FTE would be taken at Aberdeen, Albuquerque or Billings Areas which have the highest per capita Mental Health staffing of the 12 IHS areas.

ALCOHOLISM AND DRUG ABUSE

30. Question: If a $2,761,000 reduction in the Alcoholism program FY 1988 current services level is implemented, would there be a 9% decrease in all tribal alcoholism programs, or would the decrease be targetted to certain programs?

Answer: The 9% decrease ($2,761,000) would be absorbed by all programs.

31. Question: What is the total amount of funding that would be needed to fully operate all Indian alcoholism programs at a level commensurate with the unmet need?

Answer: The total amount needed to fully operate existing Indian alcoholism programs at a level commensurate with unmet need is $34 million. This excludes third party collections which must be included for an accurate comparison. The Alcoholism and Substance Abuse Program Branch Management Information System (Alcoholism Treatment Guidance System) revealed that, in FY 1986, 771 persons diagnosed as needing primary residential treatment and 681 persons needing halfway house care were unable to obtain services. Data for FY 1987 are not yet available.

32. Question: It seems logical that the activities mandated by the Omnibus (sic) Drug Bill would be folded into the Alcoholism program. What policy considerations led the IHS to incorporate the Drug Bill funding into the Hospitals and Clinics line-item?

Answer: The IHS made this decision based on its efforts to totally integrate the alcoholism/substance abuse effort into the health delivery system. The treatment of alcoholism as a chronic illness in our hospitals and clinics was also a factor.

33. Question: How does the rate of Fetal Alcohol Syndrome and Fetal Alcohol Effect among American Indians and Alaska Natives compare with that of the general United States population?

Answer: Firm national data on FAS prevalence is currently unavailable. However, various localities report overall FAS prevalence to be 1 to 3 cases per 1,000 live births. Prevalence data among American Indians/Alaska Natives per 3 localities/cultural groups studied in the Southwest, ranged from 1.4 to 9.8 per 1,000 live births.

Specific incidence data is not yet available.

34. Question: The FY 1987 Omnibus Drug Supplemental Appropriations Act provided $3,000,000 for staffing of regional youth detoxification facilities; $9,000,000 for rehabilitation and follow-up services to Indian youth; $4,000,000 for community education and training; and $200,000 for an alcoholism program for adult Navajo Indians in Gallup, NM. How would these activities be carried on in FY 1988?

Answer: In FY 1988 the IHS will continue these drug/substance efforts within the hospital and health clinic activity. The level of effort will be adjusted to take into account the overall level of appropriations.

CONTRACT HEALTH CARE

35. Question: Using current services figures for FY 1988, the President's budget proposes a reduction in Contract Health Services (CHS) of $47,392,000 or 24% for FY 1988. How would this reduction be distributed across the 12 Areas?

Answer: The Resource Allocation Methodology (RAM) was developed to serve as the primary guide in allocating resources on a more equitable basis. The features of the RAM allows the IHS to distribute funding increases or decreases to the Areas based on the level of deficiency. No specific decision has been made relative to the distribution of any reduction in CHS in FY 1988. However, RAM will be considered as the primary tool to determine the appropriate distribution of any decreases among the Areas.

36. Question: It is the Committee's understanding that OMB and HRSA studies have assumed a savings of $10 million from implementation of the Medicare Allowable Rates policy. Is this assumption part of the reduction in the FY 1988 budget?

Answer: By using the Medicare rates some savings may occur but until actual data is received any estimate would be unsupportable at this time.

37. Question: In describing the Medicare Allowable Rates policy, it has [been] justified in terms of allowing IHS to purchase more Contract Health Services with the $10 million savings. How many more units of service will IHS be able to purchase in FY 1988 as a result of implementing the Medicare Allowable Rates policy?

Answer: Assuming a savings of $10 million is realized, the IHS will be able to purchase $10 million in additional outpatient, inpatient services, and ancillary support services consistent with then current IHS priorities.

38. Question: Please provide the Committee with a copy of the contract between the Department and New Mexico Blue Cross/Blue Shield for the fiscal intermediary project, and a copy of the RFP that led to the contract.

Answer: See attachment A for the requested documents. Because of the highly technical nature of these and the large number of supporting materials, IHS staff would be happy to meet with the committee staff to provide an in-depth briefing on the CHS payment policy and the Fiscal Intermediary contract.

39. Question: How would the 24% reduction in CHS affect obstetrical and delivery services in those service units where IHS facilities do not have OB/delivery capability?

Answer: Obstetrical and delivery services receive a very high priority in those facilities that have no direct delivery capability and would not be affected by a reduction in CHS funds.

40. Question: How would dialysis services be affected by the 24% reduction?

Answer: Renal dialysis is a high priority service in that failure to provide this service is a matter of life and death. The impact of a 24% reduction in funding would have little if any impact upon dialysis services under our current service priorities.

41. Question: How would skilled nursing care services in the Phoenix Area be affected by the 24% reduction?

Answer: Skilled nursing care would no longer be included in the Phoenix Area's funded priorities if a 24% funding reduction in CHS were imposed.

42. Question: On page 75 of the IHS budget justification, the statement is made in the last sentence of the third paragraph, "We do recognize that cost savings will occur, however until more data is received from the field to establish supportable trends, any estimate of cost or cost savings would be unsupportable at this time." Then, in the last paragraph, under Program Decrease (-$47,392,000), the statement is made: "The IHS will improve the management of the CHS program through the utilization of medicare allowable rates and by improved case management. These practices will permit cost savings for the care provided for most medical problems." What assumptions, in fact, is IHS using to support cost savings estimates of $47,392,000?

Answer: By using an efficient mix of direct and contracted health care services and the integration of IHS resources with existing and planned community facilities and any savings utilizing medicare allowable rates, the IHS estimates that it can save some resources.

MEDICARE/MEDICAID AND THIRD PARTY RESOURCES

43. Question: Please provide the Committee with a spread sheet displaying the amounts of Medicare, Medicaid and other third party reimbursements, by Area, in FY 1986.

Answer:

AREA	MEDICARE	MEDICAID	OTHER THIRD-PARTY	TOTAL REIMBURSEMENTS
Aberdeen	$ 4,192,147	$ 4,900,585	$22,144	$ 9,114,876
Albuquerque	1,930,400	1,159,870	0	3,090,270
Alaska	3,810,476	3,425,213	0	7,235,689
Bemidji	507,732	578,245	0	1,085,977
Billings	515,998	1,194,919	25,721	1,736,638
Navajo	6,883,768	6,295,201	10,335	13,189,304
Oklahoma	5,308,085	871,883	32,146	6,212,114
Portland	0	2,257,119	3,798	2,260,917
Phoenix	3,118,851	2,298,889	10,485	5,428,225
Tucson	397,181	1,024,045	0	1,421,226
Nashville	589,043	214,125	0	803,168
TOTAL	$27,253,681	$24,220,094	$104,629	$51,578,404

44. Question: The IHS projects that it will be able to collect an additional $8 million from private insurers in FY 1988 (predicated on necessary legislation being adopted), which will offset the reductions in the President's budget. How much will be collected in each of the 12 Areas? How will these funds be collected and utilized?

Answer:

AREA	ESTIMATED COLLECTIONS
Aberdeen	$ 140,000
Albuquerque	490,000
Alaska	900,000
Bemidji	675,000
Billings	520,000
Nashville	30,000
Navajo	455,000
Oklahoma	1,700,000
Phoenix	2,100,000
Portland	750,000
Sacramento	50,000
Tucson	190,000
TOTAL	$8,000,000

The funds will be collected from private insurance companies to the limits of the coverage of the policies held by the Indian patients treated in IHS facilities. It must be noted that the estimates are based on known numbers of people who have indicated that they have private insurance coverage. It remains to be seen what the actual coverages are and what the payments will be from the insurance companies. Many of the policies may be for income protection and will not pay IHS any money. As stated in the question, this answer is predicated on necessary legislation being passed which will resolve all of the issues regarding the ability of IHS to bill for the services provided.

COMMUNITY HEALTH REPRESENTATIVES

45. Question: Please explain how the 3-year "phase-over" of Community Health Representatives would be accomplished?

Answer: The proposed phase over of the Community Health Representative (CHS) Program to the appropriate budget catagories within the Indian Health Service (IHS) will begin in FY 1989 with a transfer of $8,191,000 from the proposed FY 1988 CHR base of $24,191,000. Subsequently, in FY 1990 $7,000,000 of the FY 1989 base of $16,000,000 will be transferred. The final transfer of $9,000,000 will occur in FY 1991. The details of this plan are currently being developed by the IHS Office of Health Programs.

46. Question: When is the request to reprogram $1,809,000 of CHR FY 1987 funds going to be sent to the Congress for consideration?

Answer: The letter seeking approval to formally reprogram $1,809,000 of the CHR funds was sent to Congress on February 24, 1987 by the Assistant Secretary for Management and Budget, HHS.

URBAN HEALTH

47. Question: How will the 3-year "phase-down" of urban programs be implemented?

Answer: The Administration has proposed that the urban programs be phased out over three fiscal years beginning in Fiscal Year 1989. The Indian Health Service (IHS) plan to accomplish the phase-out of urban programs will begin in FY 1987. In areas in which programs are situated, the IHS will contact State and local governments to determine the likelihood of urban programs obtaining funding to offset the loss of Title V monies. The IHS will also determine which programs generate substantial non-IHS income (e.g., Medicaid, private insurance, foundation grants, etc.) and could remain operational with the loss of Title V monies.

To comply with the first year of the phase-out (FY 1989) the IHS will terminate funding to those urban programs which the IHS has determined have alternative funding or that have substantial non-IHS income that would allow them to remain operational. In order to comply with the second (FY 1990) and third (FY 1991) year of the phase-out schedule, the IHS will terminate support to programs in reverse order to the volume of services the programs provide to urban Indians.

48. Question: When does the Department plan to send the reprogramming request involving $1,000,000 of FY 1987 funds to the Congress for consideration?

Answer: The letter seeking approval to formally reprogram $1,000,000 of the Urban Health funds was sent to Congress on February 24, 1987 by the Assistant Secretary for Management and Budget, HHS.

MANPOWER

49. Question: What is the total number of physicians, dentists and other health professionals currently serving in the Indian Health Service? How many of those health professionals are current or former National Health Service Corp (sic) scholarship recipients? How many of those health professionals are current or former recipients of Indian health scholarships?

Answer:

	TOTAL	NHSC	IHS
Physicians	817	289	4
Dentists	283	6	1
Optometrists	43	0	1
Nurses	2017	28	38
Health Administrators	107	0	6
Speech Pathologists/Audiologists	14	0	1
Physical Therapists	27	0	1
Health Records Administrators	58	0	1
Medical Technologists	257	0	12
Engineers	257	0	3
Other Health Professionals			
Dietitians	91	0	0
Occupational Therapists	6	0	0
Pharmacists	312	0	0
Podiatrist	1	0	0
Speech Pathologists	14	0	0
Health Systems Specialists	56	0	1
Dental Hygienists	3	0	0
Public Health Program Specialists	37	0	0
Sanitarians	148	0	0
Public Health Educators	28	0	0
Social Workers	112	0	1

50. Question: IHS intends to spend at least $1,385,000 in FY 1987 for physician recruitment activities. What specifically are these activities?

Answer: The IHS is instituting a medical school faculty advocate program in which each allopathic and osteopathic school would have an IHS faculty advocate located within each of the schools. Increased advertisement in medical journals and increased exhibits at national and regional medical meeting. Instituting an out-of-service residency training program that would allow the IHS to sponsor the training of 20 family practitioners and 5 high priority specialists each year. The number of site visits available for physicians to IHS facilities has been increased as well as an additional physician recruitment conference.

51. Question: How many students currently receive Indian health professions scholarships, by categories of health professions?

Answer: See Attachment B.

FACILITIES

52. Question: How many Indian homes would go without needed water and sanitation facilities in FY 1988, given the level of funding proposed?

Answer: There are over 22,000 existing Indian homes without water or sanitation facilities. Also, approximately 2,000 non-federal and 2,800 federally sponsored new or renovated homes will need sanitation facilities during the next fiscal year. The Administration's position is that the agency funding the basic housing construction or renovation should also provide the funds necessary for the provision of sanitation facilities. The Department, however, recognizes that the IHS has a proven record of effectively administering the construction of sanitation facilities and believes that IHS expertise should be available and utilized as necessary in the planning and construction of sanitation facilities. In addition, the Department recognizes the need for the IHS to maintain the capability to respond to sanitation-related public health needs in Indian communities, which may be unrelated to new housing construction.

53. Question: If Congress does not approve the proposed rescission of facilities funds, how soon will IHS be able to obligate existing appropriated funds for construction projects?

Answer: That depends on the specific status of the individual projects which are detailed in Attachment C.

Submissions by Senator Murkowski

SUBSTANCE ABUSE

54. Question: Regional health corporations have been set up in Alaska to address tribal health concerns on a regional basis. These regional health corporations have played an important role in improving the health care of native Americans in Alaska. How does the IHS intend to permit funding of the programs carried on by regional health corporations? Doesn't the Act's provision requiring a liberal construction of its provisions enable the IHS to fund programs through regional corporations rather than individual tribes?

Answer: We know of no prohibition that would prohibit the IHS from contracting with the Alaska Regional Health Corporations if contracting was decided upon and if the Self-Determination Act was either not applicable or, if applicable, not invoked. We do not believe the Act's provision calling for other Federal laws to be "liberally construed" would permit the avoidance of the clear statement of tribal rights and authorities contained in the Indian Self-Determination Act.

55. Question: How will you carry out the mandate of the act to establish treatment centers in each IHS area? Can the funds appropriated for construction of such centers be used for renovation as well as construction? Given the limited funding for these centers, wouldn't it be more cost effective to rely on renovation rather than new construction in the funding of these centers?

Answer: Two centers will be established in FY 1987. The remaining nine Areas will use a portion of the $3 million allocated for staffing to purchase contract care for youth services in FY 1987. Additional Centers will be phased in with the remainder of the Fy 1987 appropriation during FY 1988.

We read the appropriation language as permitting renovation as well as construction since such a reading would be consistent with the intent expressed in the authorizing legislation (Section 4227(b) of P.L. 99-570). We are, however, pursuing this question with the Office of the General Counsel. Even should this option be available, however, we can not say at this time whether or not renovation rather than new construction would be more cost effective in any specific case.

56. Question: What criteria will be used to determine where these regional treatment centers will be established? How will IHS ensure that sufficient funds will be available to establish effective programs? Is IHS working with other agencies to investigate the possibility in interagency funding for these centers? How will IHS coordinate its programs with the other agencies that have received anti-drug abuse funding?

Answer: Site selection criteria established by IHS for the regional treatment centers for Indian youths include:

1) availability of existing facilities that can be efficiently and effectively renovated for use as regional treatment centers;

2) accessibility by air and highway travel to facilitate patient transportation and assure family member access during treatment;

3) access to IHS and other health care resources to provide physician and hospital coverage for medical emergencies;

4) access to psychiatric/psychological services for emergency client assessment and routine consultation to regional center staff;

5) access to educational resources, including teachers for school-age youths in treatment and educational psychologists to provide consultation;

6) access to vocational rehabilitation counselors and vocational evaluators necessary for the development of aftercare plans for older adolescents;

7) access to other IHS resources to facilitate consultation from health education, nutrition, public health nursing, community health representatives, and appropriate acute care programs;

8) access to other state and Federal resources;

9) availability of qualified staff or the ability to attract qualified staff;

10) space adequate to permit training of medical providers and community health program workers who will interact with individuals and families needing alcoholism and substance abuse treatment services; and

11) the availability of housing to meet the needs of staff, visiting family members, and trainees.

To assure that sufficient funds are available to establish regional centers, IHS plans to phase in their development with two planned for FY 1987 and the remainder to follow in FY 1988 after the experience gained in the establishment of centers has been reviewed.

The IHS is working through a Task Force with a number of agencies as a part of the Secretary's Initiative on Indian alcoholism and substance abuse, including NIAAA, NIDA, NIMH, ACYF, and ANA. While interagency funding for regional youth treatment centers is not the specific reason for the Task Force, we are identifying resources that these agencies can contribute. This Task Force will also allow IHS to coordinate its programs with the other agencies that have received anti-drug funding.

57. Question: How will the distribution of funds for community-based anti-drug abuse programs take into account the services needed by those who have not yet sought treatment or have not formally been identified as substance abusers?

Answer: The initial resource allocation process includes the following methods:

1) where alcoholism and substance abuse programs are in existence, 10% has been added to the number identified as needing treatment in FY 1986; and

2) for tribes that do not have alcoholism and substance abuse programs, population-driven formulas have been developed to estimate need

Though such projections can be used to initially estimate the population in need, resources must eventually be allocated based primarily on actual user population modified by the expected results of continued outreach efforts, increased community awareness, and the availability of services.

58. Question: Has the IHS completed its assessment of the need of natives for drug-abuse programs and its assessment of the current programs available to natives?

Answer: The IHS assessment of current programs and need for drug abuse programs is not complete but information necessary for this assessment is being gathered by IHS Area staff and completion is projected for September 30, 1987.

59. Question: A primary issue of concern regarding the Public Health Service (PHS) Barrow Service Unit is an inadequacy in funding. The Barrow facility is being operated with a budget that is insufficient to meet the demands placed upon it. Statistics show that based upon the facility's usage rate (i.e., patient encounters), the Barrow Service Unit should employ approximately 30% more employees. The Barrow Facility, however, is funded for only forty-three (43) employees.

A. How can the IHS explain this disparity? B. How does the IHS plan to ensure that Barrow's health care needs are met?

Answer: This "disparity" is not unique to Barrow. Although we may not meet 100% of any facilities' total staffing needs, the IHS will use the Resource Allocation Methodology (RAM) to evaluate the relative deficiencies in all IHS supported health care facilities in order to prioritize funding needs. Those facilities with the greater unmet needs will receive priority for funding. However, RAM will only ensure that the funding disparities are relatively equal among facilities. It will not eliminate them in total. Nevertheless, the IHS believes that the quality of care provided by the IHS hospital in Barrow is adequate for the population served. This is discussed further in response number 60 which follows.

60. Question: Quality Assurance Reviews reveal many Barrow residents believe that the quality of care provided by the facility is inadequate. As a result, Barrow residents must often travel 750 miles to Anchorage for medical care. What standards does the IHS use to establish health care funding levels for rural communities? How does the IHS assess the needs of isolated communities such as Barrow, where no alternative to PHS health care exists?

Answer: The IHS does not concur that the quality of care provided by the IHS hospital in Barrow, Alaska, is inadequate. Because the population base is small, the facility provides only primary health care services. As a result, medical problems requiring more sophisticated care are referred to the Alaska Native Medical Center in Anchorage. The level of care provided in isolated communities such as Barrow is determined by the size of the population served, the cost effectiveness of providing services locally or by referral, and the medical priority of services.

The manpower and cost standards contained in the IHS RAM are used to "cost out" the resources needed to provide a comprehensive program of health services to a defined beneficiary group.

By utilizing both standard cost factors and local costs reflecting variation in the surrounding business environment, the Resource Requirement Methodology (RRM) estimates the resources necessary to provide a comparable package of comprehensive acute, chronic, and preventive services in each service unit.

The RRM is a set of manpower and cost standards used to estimate the resources needed to provide a specified level of health services to a defined beneficiary population. Its purpose is to provide a uniform cost estimating method considering practices common in all IHS supported health care delivery programs, different delivery modes or operational practices, and locally variable costs.

61. Question: The North Slope Borough is concerned about the poor condition of the PHS living quarters. The Hospital and its associated facilities are presently in a state of disrepair. As a result, it is more difficult to attract health professionals to Barrow in order to serve the community's medical needs.

What is the IHS plan regarding the repair, reconditioning or reconstruction of the PHS living quarters in Barrow?

What plans, if any, does the IHS have for the repair, reconditioning, or reconstruction of other physician living quarters in Bush, Alaska?

What is the IHS doing to enhance the recruitment of physicians for rural Native communities?

Answer: The Indian Health Service (IHS) plans to request funding in Fiscal Year 1989 to design and construct 26 units of staff quarters at Barrow, Alaska. The 26 quarters include 13 new and 13 replacement units.

The IHS was directed by the Congress to establish a priority system for constructing staff quarters. Accordingly, a Construction Priority System for Quarters has been developed, a Phase I application was completed, and we are now accomplishing the Phase II in-depth analysis. Based upon the results, IHS quarters needs will be ranked nationally and we will request funding for new and replacement quarters in priority order.

With regard to recruitment, the IHS has developed a recruitment plan in concert with the NHSC which includes additional funds for clerkships, journal ads, conference displays, site visits and prospective candidate travel.

A medical school advocate program has been instituted. Additional recruitment brochures, video tapes, and advertisement are being developed. 25 annual out-of-service residency positions are being funded in shortage specialities starting in the summer of 1987.

62. How can construction of the Alaska Native Medical Center be expedited? Are there any specific programs that would accelerate construction? If the IHS were to consider a joint venture with other federal agencies in construction of the Medical Center, how would it ensure that the primary purpose of the Center remains the providing of Native health services?

Answer: Construction of the Alaska Native Medical Center (ANMC) could be expedited by use of the construction manager concept. This concept provides maximum price and final delivery date guarantees and would allow construction to start before the design has been completed. It is estimated that using the construction management concept would result in project completion 1-2 years before the date currently expected.

The IHS is already involved jointly with the Centers for Disease Control (CDC) in the ANMC project. Our preliminary plan includes a laboratory to be used by CDC staff to continue their ongoing investigations of conditions unique to the Alaska Native population.

63. Question: Has the IHS reviewed the impact of budget reductions on health care services in rural Alaska?

Answer: The RAM methodology would be utilized to determine the effect of any budget reductions on rural Alaska as well as the other IHS Areas.

64. Question: In several 1986 letters to tribal leaders, IHS stated that the new RAM policy would be applied to only those contracts negotiated after the date such policy is established, which is now scheduled for on or about April 15, 1987. (See Dr. Rhoades's (sic) "Dear Tribal Leader" letter, July 8, 1986; ISDM 86-1, July 23, 1986; ISDM 86-1 amendment 1, December 15, 1986; Draft Policy Statement, July 17, 1986 Draft Policy Statement, August 1, 1986; and Memorandum to Tribal Leaders, October 7, 1986.) Yet, IHS has announced it will reduce the funding levels for existing contracts by 2%, in part to create an "equity fund" for redistribution under RAM. How does IHS justify this inconsistency with its earlier commitments to tribal contractors?

Answer: See the response to question 10 above.

65. Question: IHS has taken the position that the FY 1987 appropriation is insufficient to maintain the 1986 services base, even though Congress provided $25 million "to restore the program to the fiscal year 1986 appropriated level." IHS bases its position, in part, on other programs required to be funded by Congress, even though other funds were specifically earmarked for these programs. Please explain.

Answer: The Congress did support and provide an increase of $25 million. This amount was added to the FY 1987 President's request which was lower than the actual appropriation for FY 1986. In reality, when one adds the Congressional actions to the actual FY 1986 appropriation and compares this to the FY 1987 appropriation, some program decreases may be necessary, excluding consideration of funding available through increases in third-party reimbursements.

66. Question: How much would have been needed in order to maintain the FY 1986 level in 1987? What level of funding would IHS need in FY 1988 in order to maintain the 1986 level?

Answer: See response to question 25 above.

67. Question: The IHS also justifies its reduction from the 1986 base allocations as needed to support activities paid centrally at headquarters, such as physician recruitment, nurses' continuing education, and change of station. Please explain how much is being retained by headquarters for these and other activities. How has the level of need for these other programs increased since 1986?

Answer: The amount of resources available for contingency for emergencies, costs associated with change of status and special pay for commission officers and physicians, training for health professionals, evaluation, etc. in FY 1987 was $30.8 million compared to $31.2 million in FY 1986.

68. Question: Why are the activities referred to in the previous question not mentioned in the budget justifications for fiscal years 1987 and 1988?

Answer: Those items are considered to be integral parts of the overall machinery utilized in the delivery of health care and therefore a necessary cost of doing business. Since these types of activities have been discussed in the past and have been contained in budget documents in the past, there was no thought given to include them in the FY 1987 and FY 1988 budgets as separate or special programs.

69. Question: We understand that part of the reduction from the FY 1986 base is due to departmental "taps" -- that is, funds used by the Department for activities unrelated to Indian health, such as AIDS research and equal employment opportunities. Please name all departmental taps and their funding levels for fiscal years 1986 through 1988.

Answer: The reduction of the FY 1987 base is not related to departmental "taps".

70. Question: Why did the Department not request appropriations transfers to effectuate the departmental taps?

Answer: There are no Departmental taps.

71. Question: Last year, IHS testified that a possible shortfall in tribal contracting costs of over $10 million was expected in fiscal year 1987. What is the amount of the actual shortfall for fiscal year 1987, and what steps is IHS taking to make up the shortfall, including a request for a supplemental appropriation? Have Public Health Service and HHS departmental officials supported or rejected any IHS requests for funding to make up the shortfall?

Answer: We anticipate no short fall for fiscal year 1988.

72. Question: Has IHS requested sufficient funds for tribal contracting costs in fiscal year 1988? If not, what is the expected shortfall, and why did IHS not request these funds?

Answer: See answer 71 above.

73. Question: IHS proposes a program decrease for hospitals and health clinics of $58 million for FY 1988. How would this decrease affect base allocations to the areas and service units?

Answer: Any reduction or increases will be based upon a RAM application and will be shared equitably.

74. Question: IHS proposes to absorb the $58 million decrease through the achievement of as yet unidentified economies throughout the agency, and through cost savings in the service units in the areas of travel transportation (sic), equipment and supplies. How is it possible for service units, which are already underfunded according to RAM, suppose to achieve these savings? How can service units in Alaska, where travel and transportation to and from remote villages is necessary and expensive, reduce their travel and transportation costs?

Answer: The IHS will effect budget reductions, to the extent possible, in areas that are not directly involved in the delivery of health services as a first cut. These are areas mentioned. Additional reductions, if necessary, will reflect reductions in health services and will be accomplished through RAM.

75. Question: Is this not a costs (sic) of the "tail wagging the dog?" That is, has IHS not requested a decrease in funding without knowing how it will be achieved?

Answer: In accomplishing any reduction, IHS will utilize RAM in order to ensure that an equitable share is taken throughout. Total obligations will be enhanced by increased third-party collections and congressional action to overcome exclusionary clauses used by third-party insurers to avoid paying for services consistent with policies written for American Indian or Alaska Natives.

76. Question: What would the average funding deficiency for all service units (including tribal contractors) be for FY 1988 according to RAM under the proposed budget? How does this compare with fiscal years 1987 and 1986?

Answer: The average funding deficiency estimates for FY 1987 and FY 1988 are not yet available. The IHS undertook a major revision of the methodology used to estimate funding deficiency during FY 1986 and the first 3 months of FY 1987. Extensive public review and comment lead to major changes in the methodology. The net effect of these changes on the estimated funding deficiency is not yet known although preliminary data suggests the deficiencies estimated by the revised methods will be greater than those for previous years. Final estimates should be available in early April.

Questions Submitted by the Select Committee on Indian Affairs to the Administration for Native American

Question: What criteria will you use in establishing funding priorities within the overall social services strategy under the generic funding request?

Answer: After the appropriation level for the Human Development Services account has been determined, to the extent that Congress has not earmarked funding levels for specific programs, HHS will use its program expertise to determine specific funding levels and initiatives to take advantage of emerging opportunities to best serve its populations and respond to priorities in the social services area. HHS will inform Congress immediately once specific funding decisions are made.

Question: Under the generic funding method, would you still have a "Secretary's Discretionary Funding Program?"

Answer: We assume this question refers to the Coordinated Discretionary Funds Program (CDP), which is the major research and demonstration effort in the Office of Human Development Services (HDS). The CDP increases the benefits obtained from ten separate discretionary programs by coordinating their grant-making authorities. (In recent years, the CDP has proved to be an extremely successful approach and) HDS fully plans to continue the CDP under the generic funding method. Although the amount of funds available has not been determined, we plan to publish the FY 1988 CDP announcement in the *Federal Register* in September 1987.

Question: Your budget request states that decisions regarding specific dollar levels for the various discretionary programs will be made after appropriations are received. Would this not make justifications to the Appropriations Committee for these programs more difficult?

Answer: Our justifications to the Appropriations Committees attempt to focus resource allocation decisions on an overall Federal policy for social services. As such, our FY 1988 justifications do not divide the $2.2 billion generic request among the 26 programs separately in order to describe all programs that make up the generic request and to provide budget data and program accomplishments for each program for FY 1986 and FY 1987.

Question: What funding guarantees does the ANA program have under your generic funding request?

Answer: It is not the intention of HHS to use this request as a means of substantially cutting programs for Native Americans, but rather to foster a more comprehensive consideration of Federal social services policy and resource decision making.

Question: What avenues are you pursuing to address the needs of American Samoans, particularly in light of the directives from the Appropriations Committee?

Answer: We share the concerns expressed by the Appropriations Committee regarding the human services needs of American Samoans. As reported to both Houses of Congress last August, the Department has made a significant effort to fund several programs on behalf of American Samoans residing in the United States. The Department has made a number of discretionary awards specifically targeting the needs of American Samoans including recruitment, training and cultural adaptation of Head Start programs; employment services; prevention, early identification and service improvement in the area of child abuse and neglect; increasing access to mental health services and strengthening coping abilities; and training citizen volunteers to be Court Appointed Special Advocates (CASAs). We have also worked wit the Department of Labor and other Federal and State agencies to target resources and services on this population and especially American Samoan children.

In addition, we are considering including a priority area specifically directed to American Samoans in the next HDS Coordinated announcement which will be published in the Federal Register in September 1987.

[Other material retained in committee files.]